

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

LEGISLATIVE HISTORY

Public Law 85-840
H. R. 13549

TABLE OF CONTENTS

Index and summary of H. R. 13549.....1
Digest of Public Law 85-840.....2

INDEX AND SUMMARY OF H. R. 13549

- July 28, 1958 Rep. Reed introduced H. R. 13550 which was referred to House Ways and Means Committee. Print of bill.
- Rep. Mills introduced H. R. 13549 which was referred to House Ways and Means Committee. Print of bill.
- House Ways and Means Committee reported without amendment H. R. 13549. Print of bill and House Report No. 2288.
- July 31, 1958 House passed H. R. 13549 with amendments.
- Aug. 1, 1958 H. R. 13549 was referred to Senate Finance Committee. Print of bill as referred.
- Aug. 14, 1958 Senate Finance Committee reported with amendments H. R. 13549. Print of bill and Senate Report No. 2388.
- Aug. 15, 1958 Senate began debate.
- Aug. 16, 1958 Senate passed H. R. 13549 with amendments and conferees were appointed. Print of bill as passed Senate.
- Aug. 19, 1958 House concurred in Senate amendments.
- Aug. 28, 1958 Approved: Public Law 85-840.

Senate hearings were held on August 8, 11, 12, and 13, 1958.

DIGEST OF PUBLIC LAW 85-840

Public Law 85-840 (H. R. 13549) SOCIAL SECURITY AMENDMENTS OF 1958 (approved August 28, 1958). Makes various amendments to the Social Security Act and the Internal Revenue Code of 1954 regarding the social security program, including a general increase in benefits under the Federal Old-Age, Survivors and Disability Insurance System.

DIGEST OF PUBLIC LAW 85-840

SOCIAL SECURITY AMENDMENTS OF 1958. Makes various amendments to the Social Security Act and the Internal Revenue Code of 1954 regarding the social security program, including a general increase in benefits under the Federal Old-Age, Survivors, and Disability Insurance System.

85TH CONGRESS
2D SESSION

H. R. 13550

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 1958

Mr. REED introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Social Security Amend-
4 ments of 1958”.

1 TITLE I—INCREASE IN BENEFITS UNDER TITLE
2 II OF THE SOCIAL SECURITY ACT

3 INCREASE IN BENEFIT AMOUNTS

4 Primary Insurance Amount

5 SEC. 101. (a) Subsection (a) of section 215 of the
6 Social Security Act is amended to read as follows:

7 “Primary Insurance Amount

8 “(a) Subject to the conditions specified in subsections
9 (b), (c), and (d) of this section, the primary insurance
10 amount of an insured individual shall be whichever of the
11 following is the largest:

12 “(1) The amount in column IV on the line on
13 which in column III of the following table appears his
14 average monthly wage (as determined under subsection
15 (b)) ;

16 “(2) The amount in column IV on the line on
17 which in column II of the following table appears his
18 primary insurance amount (as determined under sub-
19 section (c)) ;

20 “(3) The amount in column IV on the line on
21 which in column I of the following table appears his
22 primary insurance benefit (as determined under sub-
23 section (d)) ; or

24 “(4) In the case of an individual who was entitled
25 to a disability insurance benefit for the month before the

- 1 month in which he became entitled to old-age insurance
 2 benefits or died, the amount in column IV which is equal
 3 to his disability insurance benefit.

“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

“I “(Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insur- ance amount)	V (Maximum family benefits)
“If an individual’s primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insur- ance amount (as deter- mined under subsec. (e)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount re- ferred to in the preceding para- graphs of this subsection shall be—	And the maxi- mum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self- employment income shall be—
“At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10. 00		\$30. 00		\$54	\$33	\$53. 00
“\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	104. 00
29. 26	29. 68	65. 00	65. 80	133	136	70	107. 60
29. 69	30. 36	65. 90	66. 80	137	141	71	111. 20
30. 37	30. 92	66. 90	67. 70	142	146	72	115. 20
30. 93	31. 52	67. 80	68. 70	147	151	73	119. 20
31. 53	32. 00	68. 80	69. 60	152	155	74	122. 80
32. 01	32. 60	69. 70	70. 50	156	160	75	126. 40
32. 61	33. 40	70. 60	71. 50	161	165	76	130. 40
33. 41	33. 88	71. 60	72. 40	166	169	77	134. 00
33. 89	34. 50	72. 50	73. 30	170	174	78	137. 60
34. 51	35. 20	73. 40	74. 30	175	179	79	141. 60
35. 21	35. 80	74. 40	75. 20	180	183	80	145. 20
35. 81	36. 40	75. 30	76. 10	184	188	81	148. 80
36. 41	37. 08	76. 20	77. 10	189	193	82	152. 80
37. 09	37. 60	77. 20	78. 00	194	197	83	156. 40
37. 61	38. 20	78. 10	78. 90	198	202	84	160. 00
38. 21	39. 12	79. 00	79. 90	203	207	85	164. 00
39. 13	39. 68	80. 00	80. 80	208	211	86	167. 60

Average Monthly Wage

(b) Section 215 (b) (1) of such Act is amended by striking out “An” and inserting in lieu thereof the following:

“For the purposes of column III of the table appearing in subsection (a) of this section, an”.

1 (2) Such section 215 (b) is further amended by adding
2 at the end thereof the following paragraph:

3 “(5) The provisions of this subsection shall be appli-
4 cable only in the case of an individual with respect to whom
5 not less than six of the quarters elapsing after 1950 are
6 quarters of coverage, and—

7 “(A) who becomes entitled to benefits under sec-
8 tion 202 (a) or section 223 after the second month fol-
9 lowing the month in which the Social Security Amend-
10 ments of 1958 are enacted, or

11 “(B) who dies after such second month without
12 being entitled to benefits under such section 202 (a) or
13 section 223, or

14 “(C) who files an application for a recomputation
15 under section 215 (f) (2) (A) after such second
16 month and is (or would, but for the provisions of sec-
17 tion 215 (f) (6), be) entitled to have his primary in-
18 surance amount recomputed under such section, or

19 “(D) who dies after such second month and whose
20 survivors are (or would, but for the provisions of section
21 215 (f) (6), be) entitled to a recomputation of his
22 primary insurance amount under section 215 (f) (4).”

1 Primary Insurance Amount Under 1954 Act

2 (c) Section 215 (c) of such Act is amended to read
3 as follows:

4 “Primary Insurance Amount Under 1954 Act

5 “(c) (1) For the purposes of column II of the table
6 appearing in subsection (a) of this section, an individual’s
7 primary insurance amount shall be computed as provided in,
8 and subject to the limitations specified in, (A) this section
9 as in effect prior to the enactment of the Social Security
10 Amendments of 1958, and (B) the applicable provisions
11 of the Social Security Amendments of 1954.

12 “(2) The provisions of this subsection shall be appli-
13 cable only in the case of an individual who—

14 “(A) became entitled to benefits under section 202
15 (a) or section 223 prior to the third month following
16 the month in which the Social Security Amendments of
17 1958 were enacted, or

18 “(B) died prior to such third month.”

19 Primary Insurance Benefit Under 1939 Act

20 (d) Section 215 (d) of such Act is amended to read
21 as follows:

22 “Primary Insurance Benefit Under 1939 Act

23 “(d) (1) For the purposes of column I of the table
24 appearing in subsection (a) of this section, an individual’s
25 primary insurance benefit shall be computed as provided in

1 this title as in effect prior to the enactment of the Social
2 Security Act Amendments of 1950, except that—

3 “(A) In the computation of such benefit, such in-
4 dividual’s average monthly wage shall (in lieu of being
5 determined under section 209 (f) of such title as in
6 effect prior to the enactment of such amendments) be
7 determined as provided in subsection (b) of this section
8 (but without regard to paragraph (5) thereof), except
9 that his starting date shall be December 31, 1936.

10 “(B) For purposes of such computation, the date
11 he became entitled to old-age insurance benefits shall
12 be deemed to be the date he became entitled to pri-
13 mary insurance benefits.

14 “(C) The 1 per centum addition provided for in
15 section 209 (e) (2) of this Act as in effect prior to the
16 enactment of the Social Security Act Amendments of
17 1950 shall be applicable only with respect to calendar
18 years prior to 1951, except that any wages paid in any
19 year prior to such year any part of which was included
20 in a period of disability shall not be counted. Notwith-
21 standing the preceding sentence, the wages paid in the
22 year in which such period of disability began shall be
23 counted if the counting of such wages would result in a
24 higher primary insurance amount.

1 “(D) The provisions of subsection (e) shall be ap-
2 plicable to such computation.

3 “(2) The provisions of this subsection shall be appli-
4 cable only in the case of an individual—

5 “(A) with respect to whom at least one of the
6 quarters elapsing prior to 1951 is a quarter of coverage;

7 “(B) who meets the requirements of any of the
8 subparagraphs of paragraph (5) of subsection (b) of
9 this section; and

10 “(C) who attained age 22 after 1950 and with
11 respect to whom not less than six of the quarters elapsing
12 after 1950 are quarters of coverage, or who attained
13 such age before 1951.”

14 Minimum Survivors or Dependents Benefit

15 (e) Section 202 (m) of the Social Security Act is
16 amended by striking out “\$30” wherever it occurs and
17 inserting in lieu thereof “the first figure in column IV of
18 the table in section 215 (a)”.

19 Maximum Benefits

20 (f) Subsection (a) of section 203 of the Social Secu-
21 rity Act is amended to read as follows:

22 “Maximum Benefits

23 “(a) Whenever the total of monthly benefits to which
24 individuals are entitled under sections 202 and 223 for a
25 month on the basis of the wages and self-employment income

1 of an insured individual is greater than the amount appearing
2 in column V of the table in section 215 (a) on the line
3 on which appears in column IV such insured individual's
4 primary insurance amount, such total of benefits shall be
5 reduced to such amount; except that—

6 “(1) when any of such individuals so entitled
7 would (but for the provisions of section 202 (k) (2)
8 (A)) be entitled to child's insurance benefits on the
9 basis of the wages and self-employment income of one
10 or more other insured individuals, such total of benefits
11 shall not be reduced to less than the smaller of: (A)
12 the sum of the maximum amounts of benefits payable on
13 the basis of the wages and self-employment income of
14 all such insured individuals, or (B) the last figure in
15 column V of the table appearing in section 215 (a), or

16 “(2) when any of such individuals was entitled
17 (without the application of section 202 (j) (1)) to
18 monthly benefits under section 202 or section 223 for
19 the second month following the month in which the
20 Social Security Amendments of 1958 were enacted, and
21 the primary insurance amount of the insured individual
22 on the basis of whose wages and self-employment income
23 such monthly benefits are payable is determined under
24 the provisions of section 215 (a) (2), then such total
25 benefits shall not be reduced to less than the larger of—

1 “(A) the amount determined under this sub-
2 section without regard to this paragraph, or

3 “(B) the amount determined under this sub-
4 section as in effect prior to the enactment of the
5 Social Security Amendments of 1958 or the amount
6 determined under section 102 (h) of the Social
7 Security Amendments of 1954, as the case may be,
8 plus the excess of—

9 “(i) the primary insurance amount of such
10 insured individual in column IV of the table
11 appearing in section 215 (a), over

12 “(ii) his primary insurance amount deter-
13 mined under section 215 (c),

14 “(3) when any of such individuals is entitled (with-
15 out the application of section 202 (j) (1)) to monthly
16 benefits based on the wages and self-employment in-
17 come of an insured individual with respect to whom a
18 period of disability (as defined in section 216 (i)) began
19 prior to the third month following the month in which
20 the Social Security Amendments of 1958 were enacted
21 and continued uninterruptedly until—

22 “(A) he became entitled to benefits under sec-
23 tion 202 or 223, or

24 “(B) he died, whichever first occurred,
25 and the primary insurance amount of such insured indi-

vidual is determined under the provisions of section 215 (a) (1) or (3) and is not less than \$68, then such total of benefits shall not be reduced to less than the smaller of—

“(C) the last figure in column V of the table appearing in section 215 (a), or

“(D) the amount in column V of such table on the same line on which, in column IV, appears his primary insurance amount, plus the excess of—

“(i) such primary insurance amount, over

“(ii) the smallest amount in column II of the table on the line on which appears such primary insurance amount.

In any case in which benefits are reduced pursuant to the preceding provisions of this subsection, such reduction shall be made after any deductions under this section and after any deductions under section 222 (b). Whenever a reduction is made under this subsection, each benefit, except the old-age or disability insurance benefit, shall be proportionately decreased.”

Effective Date

(g) The amendments made by this section shall be applicable in the case of monthly benefits under title II of the Social Security Act, for months after the second month following the month in which this Act is enacted, and in the

1 case of the lump-sum death payments under such title, with
2 respect to deaths occurring after such second month.

3 Primary Insurance Amount for Certain Disability Insurance
4 Beneficiaries

5 (h) If an individual was entitled to a disability insurance
6 benefit under section 223 of the Social Security Act for the
7 second month after the month in which this Act is enacted
8 and became entitled to old-age insurance benefits under sec-
9 tion 202 (a) of such Act, or died, in the third month after
10 the month in which this Act is enacted, then, for purposes of
11 paragraph (4) of section 215 (a) of the Social Security Act,
12 as amended by this Act, the amount in column IV of the
13 table appearing in such section 215 (a) for such individual
14 shall be the amount in such column on the line on which in
15 column II appears his primary insurance amount (as deter-
16 mined under subsection (c) of such section 215) instead of
17 the amount in column IV equal to his disability insurance
18 benefit.

19 Saving Provision

20 With respect to monthly benefits under title II of the
21 Social Security Act payable pursuant to section 202 (j) (1)
22 of such Act for any month prior to the third month follow-
23 ing the month of enactment of this Act, the primary in-
24 surance amount of the individual on the basis of whose wages
25 and self-employment income such monthly benefits are pay-

1 able shall be determined as though this Act had not been
 2 enacted; such primary insurance amount shall be such indi-
 3 vidual's primary insurance amount for purposes of section
 4 215 of such Act for months after the second month follow-
 5 ing the month in which this Act is enacted, if it is larger
 6 than the primary insurance amount determined under section
 7 215 of the Social Security Act as amended by this Act, and
 8 shall be rounded to the next higher dollar if it is not a multiple
 9 of a dollar.

10 INCREASE IN EARNINGS BASE FROM \$4,200 TO \$4,800

11 Definition of Wages

12 SEC. 102. (a) (1) Paragraph (2) of section 209 (a)
 13 of the Social Security Act is amended to read as follows:

14 “(2) That part of remuneration which, after re-
 15 muneration (other than remuneration referred to in the
 16 succeeding subsections of this section) equal to \$4,200
 17 with respect to employment has been paid to an in-
 18 dividual during any calendar year after 1954 and prior
 19 to 1959, is paid to such individual during such calendar
 20 year;”.

21 (2) Section 209 (a) of such Act is further amended by
 22 adding at the end thereof the following new paragraph:

23 “(3) That part of remuneration which, after re-
 24 muneration (other than remuneration referred to in the
 25 succeeding subsections of this section) equal to \$4,800

1 with respect to employment has been paid to an in-
2 dividual during any calendar year after 1958, is paid
3 to such individual during such calendar year;”.

4 Definition of Self-Employment Income

5 (b) Paragraph (1) of section 211 (b) of the Social
6 Security Act is amended to read as follows:

7 “(1) That part of the net earnings from self-
8 employment which is in excess of—

9 “(A) For any taxable year ending prior to
10 1955, (i) \$3,600, minus (ii) the amount of the
11 wages paid to such individual during the taxable
12 year; and

13 “(B) For any taxable year ending after 1954
14 and prior to 1959, (i) \$4,200, minus (ii) the
15 amount of the wages paid to such individual during
16 the taxable year; and

17 “(C) For any taxable year ending after 1958,
18 (i) \$4,800, minus (ii) the amount of the wages
19 paid to such individual during the taxable year; or”.

20 Definitions of Quarter and Quarter of Coverage

21 (c) Clauses (ii) and (iii) of section 213 (a) (2)
22 (B) of the Social Security Act are amended to read as
23 follows:

24 “(ii) if the wages paid to any individual in any
25 calendar year equal \$3,600 in the case of a calendar

1 year after 1950 and before 1955, or \$4,200 in the
2 case of a calendar year after 1954 and before 1959,
3 or \$4,800 in the case of a calendar year after 1958,
4 each quarter of such year shall (subject to clause
5 (i)) be a quarter of coverage;

6 “(iii) if an individual has self-employment in-
7 come for a taxable year, and if the sum of such
8 income and the wages paid to him during such year
9 equals \$3,600 in the case of a taxable year begin-
10 ning after 1950 and ending before 1955, or \$4,200
11 in the case of a taxable year ending after 1954
12 and before 1959, or \$4,800 in the case of a taxable
13 year ending after 1958, each quarter any part of
14 which falls in such year shall (subject to clause
15 (i)) be a quarter of coverage;”.

16 Average Monthly Wage

17 (d) (1) Paragraph (1) of section 215 (e) of such
18 Act is amended to read as follows:

19 “(1) in computing an individual’s average monthly
20 wage there shall not be counted the excess over \$3,600 in
21 the case of any calendar year after 1950 and before 1955,
22 the excess over \$4,200 in the case of any calendar year
23 after 1954 and before 1959, and the excess over \$4,800
24 in the case of any calendar year after 1958, of (A) the
25 wages paid to him in such year, plus (B) the self-em-

1 ployment income credited to such year (as determined
2 under section 212) ;”.

3 (2) Section 215 (e) of such Act is further amended by
4 striking out “(d) (4)” each place it appears and inserting
5 in lieu thereof “(d)”.

6 TITLE II—AMENDMENTS RELATING TO DIS-
7 ABILITY FREEZE AND DISABILITY INSUR-
8 ANCE BENEFITS

9 APPLICATION FOR DISABILITY DETERMINATION

10 SEC. 201. Section 216 (i) (2) of the Social Security
11 Act is amended—

12 (1) by striking out “while under a disability,” in
13 the second sentence and inserting in lieu thereof “while
14 under such disability,”; and

15 (2) by striking out “one-year” in clause (ii) of
16 subparagraph (A) and inserting in lieu thereof
17 “eighteen-month”.

18 RETROACTIVE PAYMENT OF DISABILITY INSURANCE

19 BENEFITS

20 SEC. 202. (a) Section 223 (b) of such Act is amended
21 by adding at the end thereof the following new sentence:
22 “An individual who would have been entitled to a disability
23 insurance benefit for any month after June 1957 had he
24 filed application therefor prior to the end of such month

1 shall be entitled to such benefit for such month if he files
2 application therefor prior to the end of the twelfth month
3 immediately succeeding such month.”

4 (b) The first sentence of section 223 (c) (3) of such
5 Act (defining the term “waiting period” for purposes of
6 applications for disability insurance benefits) is amended to
7 read as follows:

8 “(3) The term ‘waiting period’ means, in the case
9 of any application for disability insurance benefits, the
10 earliest period of six consecutive calendar months—

11 “(A) throughout which the individual who
12 files such application has been under a disability
13 which continues without interruption until such
14 application is filed, and

15 “(B) (i) which begins not earlier than with
16 the first day of the eighteenth month before the
17 month in which such application is filed if such in-
18 dividual is insured for disability insurance benefits
19 in such eighteenth month, or (ii), if he is not so
20 insured in such month, which begins not earlier
21 than with the first day of the first month after such
22 eighteenth month in which he is so insured.”

1 RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY
2 DETERMINATION

3 SEC. 203. Paragraph (4) of section 216 (i) of such
4 Act is amended by striking out "July 1957" and inserting
5 in lieu thereof "July 1960", by striking out "July 1958"
6 and inserting in lieu thereof "July 1961", and by striking
7 out ", if such individual does not die prior to July 1, 1955,".

8 INSURED STATUS REQUIREMENTS

9 Disability Freeze

10 SEC. 204. (a) Paragraph (3) of section 216 (i) of
11 such Act is amended to read as follows:

12 "(3) The requirements referred to in clauses (A) and
13 (B) of paragraphs (2) and (4) are satisfied by an indi-
14 vidual with respect to any quarter only if—

15 "(A) he would have been a fully insured in-
16 dividual (as defined in section 214) had he attained
17 retirement age and filed application for benefits
18 under section 202 (a) on the first day of such quarter;
19 and

20 "(B) he had not less than twenty quarters of
21 coverage during the forty-quarter period which ends
22 with such quarter, not counting as part of such forty-
23 quarter period any quarter any part of which was in-

cluded in a prior period of disability unless such quarter was a quarter of coverage.”

Disability Insurance Benefits

(b) Section 223 (c) (1) (A) of such Act is amended by striking out “fully and currently insured” and inserting in lieu thereof “fully insured”.

BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE

BENEFICIARIES

SEC. 205. (a) The first sentence of section 201 (h) of such Act is amended by inserting “, and benefit payments required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits,” after “section 223”.

Wife's Insurance Benefits

(b) (1) Subsection (b) of section 202 of such Act is amended by inserting “or disability” after “old-age” wherever it appears therein.

(2) So much of paragraph (1) of such subsection as follows the colon is amended by striking out “or” the first time it appears and inserting immediately before the period at the end of such paragraph “, or her husband ceases, prior

1 to the month in which he attains retirement age, to be
2 entitled to disability insurance benefits”.

3 Husband's Insurance Benefits

4 (c) (1) Subparagraph (C) of subsection (c) (1) of
5 such section 202 is amended to read as follows:

6 “(C) was receiving at least one-half of his support,
7 as determined in accordance with regulations prescribed
8 by the Secretary, from such individual—

9 “(i) if she had a period of disability which
10 did not end prior to the month in which she became
11 entitled to old-age or disability insurance benefits,
12 at the beginning of such period or at the time
13 she became entitled to such benefits, or

14 “(ii) if she did not have such a period of disa-
15 bility, at the time she became entitled to such
16 benefits,

17 and filed proof of such support within two years after
18 the month in which she filed application with respect
19 to such period of disability or after the month in which
20 she became entitled to such benefits, as the case may
21 be, or, if she did not have such a period, two years
22 after the month in which she became entitled to such
23 benefits, and”.

24 (2) The remainder of such subsection (c) (1) is

1 amended by inserting “or disability” after “old-age” wher-
 2 ever it appears therein.

3 (3) So much of such subsection (c) (1) as follows
 4 the colon is further amended by striking out “or” the first
 5 time it appears and inserting immediately before the period
 6 at the end thereof “, or his wife ceases, prior to the month
 7 in which she becomes entitled to old-age insurance benefits,
 8 to be entitled to disability insurance benefits”.

9 Child’s Insurance Benefits

10 (d) Section 202 (d) (1) of such Act is amended to
 11 read as follows:

12 “(d) (1) Every child (as defined in section 216 (e))
 13 of an individual entitled to old-age or disability insurance
 14 benefits, or of an individual who dies a fully or currently in-
 15 sured individual after 1939, if such child—

16 “(A) has filed application for child’s insurance
 17 benefits,

18 “(B) at the time such application was filed was
 19 unmarried and either (i) had not attained the age of
 20 eighteen or (ii) was under a disability (as defined in
 21 section 223 (c)) which began before he attained the
 22 age of eighteen, and

23 “(C) was dependent upon such individual—

24 “(i) if such individual had a period of dis-

1 ability which did not end prior to the month in
2 which he became entitled to old-age or disability
3 insurance benefits or (if he has died) prior to the
4 month in which he died, at the beginning of such
5 period or at the time he became entitled to such
6 benefits or died,

7 “(ii) if such individual did not have such a
8 period and is living, at the time such application
9 was filed, or

10 “(iii) if such individual did not have such a
11 period and has died, at the time of such death,
12 shall be entitled to a child's insurance benefit for each month,
13 beginning with the first month after August 1950 in which
14 such child becomes so entitled to such insurance benefits and
15 ending with the month preceding the first month in which
16 any of the following occurs: such child dies, marries, is
17 adopted (except for adoption by a stepparent, grandparent,
18 aunt or uncle subsequent to the death of such fully or cur-
19 rently insured individual), attains the age of eighteen and
20 is not under a disability (as defined in section 223 (c))
21 which began before he attained such age, or ceases to be
22 under a disability (as so defined) on or after the day on
23 which he attains age eighteen. Entitlement of any child to
24 benefits under this subsection on the basis of the wages and
25 self-employment income of an individual entitled to disability

1 insurance benefits shall also end with the month before the
2 month in which such individual ceases to be entitled to such
3 benefits unless such individual is, for the month in which
4 he ceases to be so entitled, entitled to old-age insurance
5 benefits or unless he dies in such month.”

6 Widower's Insurance Benefits

7 (e) Subparagraph (D) of section 202 (f) (1) of such
8 Act is amended to read as follows:

9 “(D) (i) was receiving at least one-half of his sup-
10 port, as determined in accordance with regulations pre-
11 scribed by the Secretary, from such individual at the
12 time of her death or, if such individual had a period of
13 disability which did not end prior to the month in which
14 she died, at the time such period began or at the time
15 of her death, and filed proof of such support within
16 two years after the date of such death, or, if she had
17 such a period of disability, within two years after the
18 month in which she filed application with respect to
19 such period of disability or two years after the date
20 of such death, as the case may be, or (ii) was receiving
21 at least one-half of his support, as determined in accord-
22 ance with regulations prescribed by the Secretary, from
23 such individual, and she was a currently insured indi-
24 vidual, at the time she became entitled to old-age or
25 disability insurance benefits or, if such individual had a

1 period of disability which did not end prior to the month
2 in which she became so entitled, at the time such period
3 began or at the time she became entitled to such bene-
4 fits, and filed proof of such support within two years
5 after the month in which she became entitled to such
6 benefits, or, if she had such a period of disability, within
7 two years after the month in which she filed applica-
8 tion with respect to such period of disability or two
9 years after the month in which she became entitled to
10 such benefits, as the case may be, and”.

11 Mother’s Insurance Benefits

12 (f) Section 202 (g) (1) (F) of such Act is amended
13 by inserting “or, if such individual had a period of disability
14 which did not end prior to the month in which he died, at
15 the time such period began or at the time of such death”
16 after “death”.

17 Parent’s Insurance Benefits

18 (g) Subparagraph (B) of section 202 (h) (1) of
19 such Act is amended to read as follows:

20 “(B) (i) was receiving at least one-half of his
21 support from such individual at the time of such indi-
22 vidual’s death or, if such individual had a period of
23 disability which did not end prior to the month in
24 which he died, at the time such period began or at the

1 time of such death, and (ii) filed proof of such support
2 within two years after the date of such death, or, if such
3 individual had such a period of disability, within two
4 years after the month in which such individual filed
5 application with respect to such period of disability or
6 two years after the date of such death, as the case may
7 be,”.

8 Simultaneous Entitlement to Benefits

9 (h) Section 202 (k) of such Act is amended by in-
10 serting “or disability” after “old-age” each time it appears
11 therein.

12 Adjustment of Benefits of Female Beneficiaries

13 (i) (1) Subparagraph (B) of paragraph (5) of sec-
14 tion 202 (q) of such Act is amended to read as follows:

15 “(B) the number equal to the number of months
16 for which the wife’s insurance benefit was reduced under
17 such paragraph (2), but for which such benefit was
18 subject to deductions under paragraph (1) or (2) of
19 section 203 (b), under section 203 (c), or under
20 section 222 (b),”.

21 (2) Such paragraph is further amended by striking out
22 the period at the end of subparagraph (C) and inserting in
23 lieu thereof “, and”, by striking out “(A), (B), and (C)”
24 in the material following subparagraph (C) and inserting

1 in lieu thereof “(A), (B), (C), and (D)”, and by adding
 2 after subparagraph (C) the following new paragraph:

3 “(D) the number equal to the number of months
 4 for which such wife’s insurance benefit was reduced un-
 5 der such paragraph (2), but in or after which her en-
 6 titlement to wife’s insurance benefits was terminated be-
 7 cause her husband ceases to be under a disability, not
 8 including in such number of months any month after
 9 such termination in which she was entitled to wife’s
 10 insurance benefits.”.

11 (3) Subparagraph (A) of paragraph (6) of such sec-
 12 tion 202 (q) is amended to read as follows:

13 “(A) the number equal to the number of months
 14 for which such benefit was reduced under such para-
 15 graph, but for which such benefit was subject to deduc-
 16 tions under paragraph (1) or (2) of section 203 (b),
 17 under section 203 (c), or under section 222 (b), and”.

18 (4) Such paragraph is further amended by striking out
 19 the period at the end of subparagraph (C) and inserting in
 20 lieu thereof “, and”, by striking out “(A), (B), and (C)”
 21 in the material following subparagraph (C) and inserting
 22 in lieu thereof “(A), (B), (C), and (D)”, and by adding
 23 after subparagraph (C) the following new paragraph:

24 “(D) the number equal to the number of months
 25 for which such wife’s insurance benefit was reduced

1 under such paragraph, but in or after which her entitle-
2 ment to wife's insurance benefits was terminated because
3 her husband ceased to be under a disability, not includ-
4 ing in such number of months any month after such
5 termination in which she was entitled to wife's insurance
6 benefits."

7 Deduction Provision

8 (j) Section 203 (c) of such Act is amended by insert-
9 ing "based on the wages and self-employment income of
10 an individual entitled to old-age insurance benefits" after
11 "child's insurance benefit" the first time it appears therein.

12 Circumstances Under Which Deductions Not Required

13 (k) Section 203 (h) of such Act is amended to read
14 as follows:

15 "Circumstances Under Which Deductions Not Required

16 "(h) In the case of any individual, deductions by reason
17 of the provisions of subsection (b), (f), or (g) of this
18 section, or the provisions of section 222 (b), shall, not-
19 withstanding such provisions, be made from the benefits to
20 which such individual is entitled only to the extent that such
21 deductions reduce the total amount which would otherwise
22 be paid, on the basis of the same wages and self-employment
23 income, to such individual and the other individuals living
24 in the same household."

1 Currently Insured Individual

2 (1) Section 214 (b) of such Act is amended by insert-
3 ing “or disability” immediately after “old-age”.

4 Rounding of Benefits

5 (m) Section 215 (g) of such Act is amended by
6 striking out “sections 203 (a) and 224” and inserting in
7 lieu thereof “section 203 (a)”.

8 Deductions on Account of Refusal To Accept Rehabilitation
9 Services

10 (n) Section 222 (b) of such Act is amended by insert-
11 ing after paragraph (2) (added by section 307 (g) of this
12 Act) the following new paragraph:

13 “(3) Deductions shall be made from any wife’s, hus-
14 band’s, or child’s insurance benefit based on the wages and
15 self-employment income of an individual entitled to dis-
16 ability insurance benefits to which a wife, husband, or
17 child is entitled until the total of such deductions equal such
18 wife’s, husband’s, or child’s insurance benefit or benefits
19 under section 202 for any month in which the individual,
20 on the basis of whose wages and self-employment income
21 such benefit was payable, refuses to accept rehabilitation
22 services and deductions, on account of such refusal, are
23 imposed under paragraph (1).”

Suspension of Benefits Based on Disability

(o) Section 225 of such Act is amended by adding at the end thereof the following new sentence: "Whenever the benefits of an individual entitled to a disability insurance benefit are suspended for any month, the benefits of any individual entitled thereto under subsection (b), (c), or (d) of section 202 on the basis of the wages and self-employment income of such individual, shall be suspended for such month."

REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

SEC. 206. Section 224 of such Act is hereby repealed.

EFFECTIVE DATES

SEC. 207. (a) The amendments made by section 201 shall apply with respect to applications for a disability determination under section 216 (i) of the Social Security Act filed after June 1961. The amendments made by section 202 shall apply with respect to applications for disability insurance benefits under section 223 of such Act filed after December 1957. The amendments made by section 203 shall apply with respect to applications for a disability determination under such section 216 (i) filed after June 1958. The amendments made by section 204 shall apply with respect to (1) applications for disability insurance benefits

1 under such section 223 or for a disability determination under
2 such section 216 (i) filed on or after the date of enactment
3 of this Act, and (2) applications for such benefits or for
4 such a determination filed after 1957 and prior to such
5 date of enactment if notice to the applicant of the Secretary's
6 decision with respect thereto has not been given to him on or
7 prior to such date, except that (A) no benefits under title II
8 of the Social Security Act for the month in which this Act is
9 enacted or any prior month shall be payable or increased by
10 reason of the amendments made by section 204 of this Act,
11 and (B) the provisions of section 215 (f) (1) of the Social
12 Security Act shall not prevent recomputation of monthly
13 benefits under section 202 of such Act (but no such recom-
14 putation shall be regarded as a recomputation for purposes
15 of section 215 (f) of such Act). The amendments made by
16 section 205 (other than by subsection (k)) shall apply
17 with respect to monthly benefits under title II of the Social
18 Security Act for months after the month in which this Act
19 is enacted, but only if an application for such benefits is filed
20 on or after the date of enactment of this Act. The amend-
21 ments made by section 206 and by subsection (k) of section
22 205 shall apply with respect to monthly benefits under title
23 II of the Social Security Act for the month in which this Act
24 is enacted and succeeding months.

25 (b) In the case of any husband, widower, or parent

1 who would not be entitled to benefits under section 202 (c),
 2 section 202 (f), and section 202 (h), respectively, of the
 3 Social Security Act except for the enactment of section 205
 4 of this Act, the requirement in such section 202 (c), sec-
 5 tion 202 (f), or section 202 (h), as the case may be, that
 6 proof of support be filed within a two-year period shall not
 7 apply if such proof is filed within two years after the month
 8 in which this Act is enacted.

9 TITLE III—PROVISIONS RELATING TO ELIGI-
 10 BILITY OF CLAIMANTS FOR SOCIAL SECU-
 11 RITY BENEFITS, AND MISCELLANEOUS PRO-
 12 VISIONS

13 ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS
 14 BENEFITS

15 Husband's Insurance Benefits

16 SEC. 301. (a) (1) Section 202 (c) of the Social Se-
 17 curity Act is amended by redesignating paragraph (2) as
 18 paragraph (3) and adding after paragraph (1) the following
 19 new paragraph:

20 “(2) The requirement in paragraph (1) that the indi-
 21 vidual entitled to old-age or disability insurance benefits be
 22 a currently insured individual, and the provisions of sub-
 23 paragraph (C) of such paragraph, shall not be applicable in
 24 the case of any husband who—

25 “(A) in the month prior to the month of his mar-

1 riage to such individual was entitled to, or on application
2 therefor and attainment of retirement age in such prior
3 month would have been entitled to, benefits under sub-
4 section (f) or (h) ; or

5 “(B) in the month prior to the month of his mar-
6 riage to such individual had attained age eighteen and
7 was entitled to, or on application therefor would have
8 been entitled to, benefits under subsection (d).”

9 (2) Section 216 (f) of such Act is amended to read as
10 follows:

11 “(f) The term ‘husband’ means the husband of an
12 individual, but only if (1) he is the father of her son or
13 daughter, (2) he was married to her for a period of not
14 less than three years immediately preceding the day on
15 which his application is filed, or (3) in the month prior to
16 the month of his marriage to her (A) he was entitled to,
17 or on application therefor and attainment of retirement age
18 in such prior month would have been entitled to, benefits
19 under subsection (f) or (h) of section 202, or (B) he had
20 attained age eighteen and was entitled to, or on application
21 therefor would have been entitled to, benefits under subsec-
22 tion (d) of such section.”

23 Widow’s Insurance Benefits

24 (b) (1) Subparagraph (B) of section 202 (e) (3)
25 of such Act is amended by striking out “but she is not

1 his widow (as defined in section 216 (c))” and inserting
2 in lieu thereof “which occurs within one year after such
3 marriage and he did not die a fully insured individual”.

4 (2) Section 216 (c) of such Act is amended to read as
5 follows:

6 “(c) The term ‘widow’ (except when used in section
7 202 (i)) means the surviving wife of an individual, but
8 only if (1) she is the mother of his son or daughter, (2)
9 she legally adopted his son or daughter while she was married
10 to him and while such son or daughter was under the age
11 of eighteen, (3) he legally adopted her son or daughter
12 while she was married to him and while such son or daughter
13 was under the age of eighteen, (4) she was married to him
14 at the time both of them legally adopted a child under the
15 age of eighteen, (5) she was married to him for a period of
16 not less than one year immediately prior to the day on
17 which he died, or (6) in the month prior to the month of
18 her marriage to him (A) she was entitled to, or on applica-
19 tion therefor and attainment of retirement age in such prior
20 month would have been entitled to, benefits under subsection
21 (e) or (h) of section 202, or (B) she had attained age
22 eighteen and was entitled to, or on application therefor
23 would have been entitled to, benefits under subsection (d)
24 of such section.”

1 Widower's Insurance Benefits

(c) (1) Section 202 (f) of such Act is amended by redesignating paragraph (2) as paragraph (3) and by adding after paragraph (1) the following new paragraph:

5 “(2) The requirement in paragraph (1) that the
6 deceased fully insured individual also be a currently insured
7 individual, and the provisions of subparagraph (D) of such
8 paragraph, shall not be applicable in the case of any in-
9 dividual who—

“(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under this subsection or subsection (h) ; or

15 “(B) in the month prior to the month of his mar-
16 riage to such individual had attained age eighteen and
17 was entitled to, or on application therefor would have
18 been entitled to, benefits under subsection (d).”

19 (2) Section 216 (g) of such Act is amended to read
20 as follows:

21 “(g) The term ‘widower’ (except when used in section
22 202 (i)) means the surviving husband of an individual,
23 but only if (1) he is the father of her son or daughter, (2)
24 he legally adopted her son or daughter while he was married
25 to her and while such son or daughter was under the age

1 of eighteen, (3) she legally adopted his son or daughter
2 while he was married to her and while such son or daughter
3 was under the age of eighteen, (4) he was married to her
4 at the time both of them legally adopted a child under the
5 age of eighteen, (5) he was married to her for a period of
6 not less than one year immediately prior to the day on which
7 she died, or (6) in the month before the month of his
8 marriage to her (A) he was entitled to, or on application
9 therefor and attainment of retirement age in such prior
10 month would have been entitled to, benefits under subsec-
11 tion (f) or (h) of section 202, or (B) he had attained age
12 eighteen and was entitled to, or on application therefor
13 would have been entitled to, benefits under subsection (d)
14 of such section.”

15 Definition of Wife

16 (d) Section 216 (b) of such Act is amended by striking
17 out “or” at the end of the clause (1), and by inserting before
18 the period at the end thereof: “, or (3) in the month prior
19 to the month of her marriage to him (A) was entitled to,
20 or on application therefor and attainment of retirement age
21 in such prior month would have been entitled to, benefits
22 under subsection (e) or (h) of section 202, or (B) had
23 attained age eighteen and was entitled to, or on application
24 therefor would have been entitled to, benefits under subsection
25 (d) of such section”.

1 Definition of Former Wife Divorced

2 (e) Section 216 (d) of such Act is amended to read
3 as follows:

4 “(d) The term ‘former wife divorced’ means a woman
5 divorced from an individual, but only if (1) she is the mother
6 of his son or daughter, (2) she legally adopted his son or
7 daughter while she was married to him and while such son
8 or daughter was under the age of eighteen, (3) he legally
9 adopted her son or daughter while she was married to him
10 and while such son or daughter was under the age of eighteen,
11 or (4) she was married to him at the time both of them
12 legally adopted a child under the age of eighteen.”

13 Effective Date

14 (f) The amendments made by this section shall apply
15 with respect to monthly benefits under section 202 of the
16 Social Security Act for months beginning after the date of
17 enactment of this Act, but only if an application for such
18 benefits is filed on or after such date.

19 ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS

20 BENEFITS

21 Definition of Child

22 SEC. 302. (a) Section 216 (e) of such Act is amended
23 to read as follows:

24 “(e) The term ‘child’ means (1) the child or legally
25 adopted child of an individual, and (2) in the case of a

1 living individual, a stepchild who has been such stepchild
2 for not less than three years immediately preceding the
3 day on which application for child's benefits is filed, and
4 (3) in the case of a deceased individual, a stepchild who
5 has been such stepchild for not less than one year immedi-
6 ately preceding the day on which such individual died. For
7 purposes of clause (1), a person shall be deemed, as of
8 the date of death of an individual, to be the legally adopted
9 child of such individual if such person was at the time of such
10 individual's death living in such individual's household and
11 was legally adopted by such individual's surviving spouse
12 after such individual's death but before the end of two
13 years after the day on which such individual died; except
14 that this sentence shall not apply if at the time of such
15 individual's death such person was receiving regular con-
16 tributions toward his support from someone other than such
17 individual or his spouse, or from any public or private wel-
18 fare organization which furnishes services or assistance for
19 children."

20 Effective Date

21 (b) The amendment made by this section shall apply
22 with respect to monthly benefits under section 202 of the
23 Social Security Act for months beginning after the date of
24 enactment of this Act, but only if an application for such
25 benefits is filed on or after such date.

1 ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S

2 INSURANCE BENEFITS

3 SEC. 303. Section 202 (g) of the Social Security Act is
4 amended by adding at the end thereof the following new
5 paragraph:

6 “(3) In the case of any widow or former wife divorced
7 of an individual—

8 “(A) who marries another individual, and

9 “(B) whose marriage to the individual referred to
10 in subparagraph (A) is terminated by his death but she
11 is not his widow as defined in section 216 (c),
12 the marriage to the individual referred to in clause (A)
13 shall, for the purpose of paragraph (1), be deemed not to
14 have occurred. No benefits shall be payable under this sub-
15 section by reason of the preceding sentence for any month
16 prior to whichever of the following is the latest: (i) the
17 month in which the death referred to in subparagraph (B)
18 of the preceding sentence occurs, (ii) the twelfth month
19 before the month in which such widow or former wife
20 divorced files application for purposes of this paragraph,
21 or (iii) the month following the month in which this para-
22 graph is enacted.”

1 ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

2 Provisions Relating to Eligibility

3 SEC. 304. (a) (1) So much of section 202 (h) (1) of
4 the Social Security Act as precedes subparagraph (A) is
5 amended to read as follows:

6 “(1) Every parent (as defined in this subsection) of an
7 individual who died a fully insured individual after 1939,
8 if such parent—”.

9 (2) The amendment made by this subsection shall apply
10 with respect to monthly benefits under section 202 of the
11 Social Security Act for months beginning after the date of
12 enactment of this Act, but only if an application for such
13 benefits is filed on or after such date.

14 Deaths Before Effective Date

15 (b) Where—

16 (1) one or more persons were entitled (without
17 the application of section 202 (j) (1) of the Social
18 Security Act) to monthly benefits under section 202 of
19 such Act for the month in which this Act is enacted on
20 the basis of the wages and self-employment income of an
21 individual; and

22 (2) a person is entitled to a parent's insurance

1 benefit under section 202 (h) of the Social Security
2 Act for any subsequent month on the basis of such wages
3 and self-employment income and such person would
4 not be entitled to such benefit but for the enactment of
5 this section; and

6 (3) the total of the benefits to which all persons are
7 entitled under section 202 of the Social Security Act on
8 the basis of such wages and self-employment income for
9 such subsequent month are reduced by reason of the ap-
10 plication of section 203 (a) of such Act,

11 then the amount of the benefit to which each such person
12 referred to in paragraph (1) of this subsection is entitled
13 for such subsequent month shall be increased, after the appli-
14 cation of such section 203 (a), to the amount it would
15 have been if no person referred to in paragraph (2) of
16 this subsection was entitled to a parent's insurance benefit
17 for such subsequent month on the basis of such wages and
18 self-employment income.

19 Proof of Support in Cases of Deaths Before Effective Date

20 (c) In the case of any parent who would not be
21 entitled to parent's benefits under section 202 (h) of the
22 Social Security Act except for the enactment of this sec-
23 tion, the requirement in such section 202 (h) that proof
24 of support be filed within two years of the date of death of
25 the insured individual referred to therein shall not apply if

1 such proof is filed within the two-year period beginning
2 with the first day of the month after the month in which
3 this Act is enacted.

4 ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

5 Requirement That Surviving Spouse Be a Member of
6 Deceased's Household

7 SEC. 305. (a) The first sentence of section 202 (i)
8 of the Social Security Act is amended by inserting "in the
9 same household" after "living".

10 Provisions Relating to Widows and Widowers

11 (b) Section 216 (h) of such Act is amended by
12 striking out paragraph (3).

13 Effective Date

14 (c) The amendments made by this section shall apply
15 in the case of lump-sum payments under such section
16 202 (i) on the basis of the wages and self-employment
17 income of any individual who dies after the month in which
18 this Act is enacted.

19 ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE

20 BENEFITS

21 Provisions Relating to Dependency

22 SEC. 306. (a) Section 202 (d) of the Social Security
23 Act is amended by striking out "who has not attained the
24 age of eighteen" each place it appears in paragraphs (3),
25 (4), and (5) thereof, and by striking out paragraph (6).

1 Effective Date

(b) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

7 ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING
8 CERTAIN SURVIVORS BENEFITS

9 Child's Insurance Benefits

SEC. 307. (a) Section 202 (d) of the Social Security
Act is amended by inserting immediately after paragraph
(5) thereof the following new paragraph:

13 “(6) In the case of a child who has attained the age of
14 eighteen and who marries—

15 “(A) an individual entitled to benefits under sub-
16 section (a), (e), (f), (g), or (h) of this section or
17 under section 223 (a), or

18 “(B) another individual who has attained the age
19 of eighteen and is entitled to benefits under this sub-
20 section,

21 such child's entitlement to benefits under this subsection
22 shall, notwithstanding the provisions of paragraph (1), not
23 be terminated by reason of such marriage; except that, in
24 the case of such a marriage to a male individual entitled to
25 benefits under section 223 (a) or this subsection, the pre-

eeding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or this subsection unless (i) he ceases to be so entitled by reason of his death or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.”

Widow’s Insurance Benefits

(b) Section 202 (e) of such Act is amended by inserting at the end thereof the following new paragraph:

“(4) In the case of a widow who marries—

“(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widow’s entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.”

1 Widower's Insurance Benefits

2 (c) Section 202 (f) of such Act is amended by adding
3 at the end thereof the following new paragraph:

4 “(4) In the case of a widower who marries—

5 “(A) an individual entitled to benefits under sub-
6 section (e), (g), or (h), or

7 “(B) an individual who has attained the age of
8 eighteen and is entitled to benefits under subsection
9 (d),

10 such widower's entitlement to benefits under this subsection
11 shall, notwithstanding the provisions of paragraph (1), not
12 be terminated by reason of such marriage.”

13 MOTHER'S INSURANCE BENEFITS

14 (d) Section 202 (g) of such Act is amended by adding
15 after paragraph (3) (added by section 303 of this Act) the
16 following new paragraph:

17 “(4) In the case of a widow or former wife divorced
18 who marries—

19 “(A) an individual entitled to benefits under sub-
20 section (a), (f), or (h), or under section 223 (a), or

21 “(B) an individual who has attained the age of
22 eighteen and is entitled to benefits under subsection (d),
23 the entitlement of such widow or former wife divorced to
24 benefits under this subsection shall, notwithstanding the pro-
25 visions of paragraph (1), not be terminated by reason of

1 such marriage; except that, in the case of such a marriage
2 to an individual entitled to benefits under subsection (d),
3 the preceding provisions of this paragraph shall not apply
4 with respect to benefits for months after the last month for
5 which such individual is entitled to such benefits under sub-
6 section (d) unless he ceases to be so entitled by reason of
7 his death.”

8 Parent’s Insurance Benefits

9 (e) Section 202 (h) of such Act is amended by adding

10 at the end thereof the following new paragraph:

11 “(4) In the case of a parent who marries—

12 “(A) an individual entitled to benefits under this
13 subsection or subsection (e), (f), or (g), or

14 “(B) an individual who has attained the age of
15 eighteen and is entitled to benefits under subsection (d),

16 such parent’s entitlement to benefits under this subsection
17 shall, notwithstanding the provisions of paragraph (1), not
18 be terminated by reason of such marriage; except that, in
19 the case of such a marriage to a male individual entitled to
20 benefits under subsection (d), the preceding provisions of
21 this paragraph shall not apply with respect to benefits for
22 months after the last month for which such individual is
23 entitled to such benefits under subsection (d) unless he
24 ceases to be so entitled by reason of his death.”

1 Deduction Provisions

(f) Subsection (c) of section 203 of such Act is amended by inserting “(1)” after “(c)”, by redesignating subparagraphs (1) and (2) as subparagraphs (A) and (B), respectively, by striking out “paragraph (1)” and inserting in lieu thereof “subparagraph (A)”, and by adding at the end of such subsection the following new paragraph:

9 “(2) Deductions shall be made from any child’s insur-
10 ance benefit to which a child who has attained the age of
11 eighteen is entitled or from any mother’s insurance benefit
12 to which a person is entitled until the total of such deduc-
13 tions equals such child’s insurance benefit or benefits or
14 mother’s insurance benefit or benefits under section 202 for
15 any month—

16 “(A) in which such child or person entitled to
17 mother’s insurance benefit is married to an individual
18 entitled to old-age insurance benefits under section 202

(a) who is under the age of seventy-two and for which month such individual is charged with any earnings under the provisions of subsection (e) of this section, or

23 “(B) in which such child or person entitled to
24 mother’s insurance benefits is married to the individual
25 referred to in subparagraph (A) and on seven or more

different calendar days of which such individual engaged in noncovered remunerative activity outside the United States.”

Deductions on Account of Refusal To Accept Rehabilitation Services

(g) Section 222 (b) of such Act is amended by inserting “(1)” after “(b)”, and by adding at the end thereof the following new paragraph:

“(2) Deductions shall be made from any child’s insurance benefit to which a child who has attained the age of eighteen is entitled or from any mother’s insurance benefit to which a person is entitled until the total of such deductions equals such child’s insurance benefit or benefits or mother’s insurance benefit or benefits under section 202 for any month in which such child or person entitled to mother’s insurance benefits is married to an individual who is entitled to disability insurance benefits and in which such individual refuses to accept rehabilitation services and a deduction, on account of such refusal, is imposed under paragraph (1). If both this paragraph and paragraph (3) are applicable to a child’s insurance benefit for any month, only an amount equal to such benefit shall be deducted.”

Effective Date

(h) (1) The amendments made by this section (other than by subsections (f) and (g)) shall apply with respect

1 to monthly benefits under section 202 of the Social Security
2 Act for months following the month in which this Act is
3 enacted; except that in any case in which benefits were ter-
4 minated with the close of the month in which this Act is
5 enacted or any prior month and, if the amendments made by
6 this section had been in effect for such month, such benefits
7 would not have been terminated, the amendments made by
8 this section shall apply with respect to monthly benefits under
9 section 202 of the Social Security Act for months beginning
10 after the date of enactment of this Act, but only if an appli-
11 cation for such benefits is filed after such date.

12 (2) The amendment made by subsection (f) shall ap-
13 ply with respect to monthly benefits under section 202 (d)
14 of the Social Security Act for months in any taxable year,
15 of the individual on the basis of whose wages and self-em-
16 ployment income such benefits are payable, beginning after
17 the month in which this Act is enacted.

18 (3) The amendments made by subsection (g) shall
19 apply with respect to monthly benefits under section 202 of
20 the Social Security Act for months, occurring after the month
21 in which this Act is enacted, in which a deduction is incurred
22 under paragraph (1) of section 222 (b) of the Social Se-
23 curity Act.

1 AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF

2 BENEFITS

3 SEC. 308. (a) Section 203 (e) (2) of such Act is
4 amended by striking out “last month” and “preceding
5 month” wherever they appear and substituting in lieu thereof
6 “first month” and “succeeding month”, respectively.

7 (b) Section 203 (e) (3) (A) of such Act is amended
8 by striking out “the term ‘last month of such taxable year’
9 means the latest month” and substituting in lieu thereof
10 “the term ‘first month of such taxable year’ means the
11 earliest month”.

12 (c) Subsections (e) (2) (D) and (e) (3) (B) (ii)
13 of section 203 of such Act are each amended by striking
14 out “\$80” and inserting in lieu thereof “\$100”.

15 (d) Section 203 (g) (1) of such Act is amended to
16 read as follows:

17 “(g) (1) (A) If an individual is entitled to any
18 monthly insurance benefit under section 202 during any
19 taxable year in which he has earnings or wages, as com-
20 puted pursuant to paragraph (4) of subsection (e), in
21 excess of the product of \$100 times the number of months
22 in such year, such individual (or the individual who is in

1 receipt of such benefit on his behalf) shall make a report to
2 the Secretary of his earnings (or wages) for such taxable
3 year. Such report shall be made on or before the fifteenth
4 day of the fourth month following the close of such year,
5 and shall contain such information and be made in such
6 manner as the Secretary may by regulations prescribe.
7 Such report need not be made for any taxable year (i)
8 beginning with or after the month in which such individual
9 attained the age of 72, or (ii) if benefit payments for all
10 months (in such taxable year) in which such individual is
11 under age 72 have been suspended for all such months of
12 such year under the provisions of the first sentence of
13 paragraph (3) of this subsection.

14 “(B) If the benefit payments of an individual have
15 been suspended for all months in any taxable year under
16 the provisions of the first sentence of paragraph (3) of
17 subsection (g), no benefit payment shall be made to such
18 individual for any such month in such taxable year after the
19 expiration of the period of three years, three months, and
20 fifteen days following the close of such taxable year unless
21 within such period the individual, or some other person
22 entitled to benefits under this title on the basis of the same
23 wages and self-employment income, files with the Secretary

1 information showing that a benefit for such month is payable
 2 to such individual.”

3 (e) Section 203 (1) of such Act is amended by striking
 4 out “(g)” and inserting in lieu thereof “(g) (1) (A)”.

5 (f) The amendments made by this section shall be
 6 applicable with respect to taxable years beginning after the
 7 month in which this Act is enacted.

8 REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF

9 HEALTH, EDUCATION, AND WELFARE

10 SEC. 309. The second sentence of section 206 of the
 11 Social Security Act is amended by striking out “upon filing
 12 with the Administrator a certificate of his right to so practice
 13 from the presiding judge or clerk of any such court”.

14 OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

15 SEC. 310. Section 208 of the Social Security Act is
 16 amended to read as follows:

17 “PENALTIES

18 “SEC. 208. Whoever—

19 “(a) for the purpose of causing an increase in any
 20 payment authorized to be made under this title, or for
 21 the purpose of causing any payment to be made where
 22 no payment is authorized under this title, shall make or
 23 cause to be made any false statement or representation

1 (including any false statement or representation in con-
2 nection with any matter arising under subchapter E of
3 chapter 1, or subchapter A or E of chapter 9 of the
4 Internal Revenue Code of 1939, or chapter 2 or 21 or
5 subtitle F of the Internal Revenue Code of 1954) as to—

6 “(1) whether wages were paid or received for
7 employment (as said terms are defined in this title
8 and the Internal Revenue Code), or the amount of
9 wages or the period during which paid or the person
10 to whom paid; or

11 “(2) whether net earnings from self-employ-
12 ment (as such term is defined in this title and in the
13 Internal Revenue Code) were derived, or as to the
14 amount of such net earnings or the period during
15 which or the person by whom derived; or

16 “(3) whether a person entitled to benefits
17 under this title had earnings in or for a particular
18 period (as determined under section 203 (e) of
19 this title for purposes of deductions from benefits),
20 or as to the amount thereof; or

21 “(b) makes or causes to be made any false state-
22 ment or representation of a material fact in any appli-
23 cation for any payment or for a disability determination
24 under this title; or

25 “(c) at any time makes or causes to be made any

1 false statement or representation of a material fact for
2 use in determining rights to payment under this title; or

3 “(d) having knowledge of the occurrence of any
4 event affecting (1) his initial or continued right to any
5 payment under this title, or (2) the initial or continued
6 right to any payment of any other individual in whose
7 behalf he has applied for or is receiving such payment,
8 conceals or fails to disclose such event with an intent
9 fraudulently to secure payment either in a greater
10 amount than is due or when no payment is authorized;
11 or

12 “(e) having made application to receive payment
13 under this title for the use and benefit of another and
14 having received such a payment, knowingly and willfully
15 converts such a payment, or any part thereof, to a use
16 other than for the use and benefit of such other person;
17 shall be guilty of a misdemeanor and upon conviction thereof
18 shall be fined not more than \$1,000 or imprisoned for not
19 more than one year, or both.”

20 SICK-LEAVE PAY OF STATE AND LOCAL EMPLOYEES

21 SEC. 311. (a) Subsection (i) of section 209 of the Social
22 Security Act is amended by inserting immediately before
23 the semicolon a period and the following: “As used in this
24 subsection, the term ‘sick pay’ includes remuneration for
25 service in the employ of a State or a political subdivision

1 (as defined in section 218 (b) (2)) of a State, paid to
 2 an employee thereof for a period during which he was
 3 absent from work because of sickness”.

4 (b) The amendment made by subsection (a) shall be
 5 applicable to remuneration paid after the enactment of this
 6 Act, except that, in the case of any coverage group which is
 7 included under the agreement of a State under section 218
 8 of the Social Security Act, the amendment made by sub-
 9 section (a) shall also be applicable to remuneration for any
 10 member of such coverage group with respect to services per-
 11 formed after the effective date, specified in such agreement, for
 12 such coverage group, if such State has paid or agrees, prior to
 13 January 1, 1959, to pay, prior to such date, the amounts which
 14 under section 218 (e) would have been payable with respect
 15 to remuneration of all members of such coverage group had
 16 the amendment made by subsection (a) been in effect on and
 17 after January 1, 1951. Failure by a State to make such
 18 payments prior to January 1, 1959, shall be treated the same
 19 as failure to make payments when due under section 218 (e).

20 EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN

21 PRODUCTS

22 SEC. 312. (a) Section 210 (a) (1) of the Social
 23 Security Act is amended to read as follows:

24 “(1) Service performed by foreign agricultural

workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any other foreign country or possession thereof, on a temporary basis to perform agricultural labor;”.

(b) The amendment made by subsection (a) shall apply with respect to service performed after 1958.

EMPLOYMENT FOR NONPROFIT ORGANIZATION

SEC. 313. (a) Section 210 (a) (8) (B) of title II of the Social Security Act is amended to read as follows:

“(B) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) of the Internal Revenue Code of 1954, which is exempt from income tax under section 501 (a) of such Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 3121 (k) of the Internal Revenue Code of 1954, is in effect if such service is performed by an employee—

“(i) whose signature appears on the list filed by such organization under such section 3121 (k),

“(ii) who became an employee of such organi-

1 zation after the calendar quarter in which the cer-
 2 tificate (other than a certificate referred to in clause
 3 (iii)) was filed, or

4 “(iii) who, after the calendar quarter in which
 5 the certificate was filed with respect to a group
 6 described in paragraph (1) (E) of such section
 7 3121 (k), became a member of such group,

8 except that this subparagraph shall apply with respect
 9 to service performed by an employee as a member of
 10 a group described in such paragraph (1) (E) with
 11 respect to which no certificate is in effect;”.

12 (b) The amendment made by subsection (a) shall
 13 apply with respect to certificates filed under section 3121
 14 (k) (1) of the Internal Revenue Code of 1954 after the
 15 date of enactment of this Act.

16 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

17 SEC. 314. (a) Section 211 of the Social Security Act is
 18 amended by adding at the end thereof the following new
 19 subsection:

20 “Partner's Taxable Year Ending as Result of Death

21 “(f) In computing a partner's net earnings from self-
 22 employment for his taxable year which ends as a result of his
 23 death (but only if such taxable year ends within, and not
 24 with, the taxable year of the partnership), there shall be in-

1 cluded so much of the deceased partner's distributive share
2 of the partnership's ordinary income or loss for the partner-
3 ship taxable year as is not attributable to an interest in the
4 partnership during any period beginning on or after the first
5 day of the first calendar month following the month in which
6 such partner died. For purposes of this subsection—

7 “(1) In determining the portion of the distributive
8 share which is attributable to any period specified in the
9 preceding sentence, the ordinary income or loss of the
10 partnership shall be treated as having been realized or
11 sustained ratably over the partnership taxable year; and

12 “(2) the term ‘deceased partner's distributive
13 share’ includes the share of his estate or of any other
14 person succeeding, by reason of his death, to rights with
15 respect to his partnership interest.”

16 (b) The amendment made by subsection (a) shall
17 apply—

18 (1) with respect to individuals who die after the
19 date of the enactment of this Act, and

20 (2) with respect to any individual who died after
21 1955 and on or before the date of the enactment of this
22 Act, but only if the requirements of section 403 (b) (2)
23 of this Act are met.

1 GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO
2 SERVED IN THE ARMED FORCES OF ALLIED COUNTRIES

3 General Rule

4 SEC. 315. (a) Section 217 of such Act is amended by
5 adding at the end thereof the following new subsection:

6 “(h) (1) For the purposes of this section and section
7 215 (d), any individual who the Secretary finds—

8 “(A) served during World War II (as defined in
9 subsection (d) (1)) in the active military or naval
10 service of a country which was on September 16, 1940,
11 at war with a country with which the United States
12 was at war during World War II;

13 “(B) entered into such active service on or before
14 December 8, 1941;

15 “(C) was a citizen of the United States through-
16 out such period of service or lost his United States
17 citizenship solely because of his entrance into such
18 service;

19 “(D) had resided in the United States for a period
20 or periods aggregating four years during the five-year
21 period ending on the day of, and was domiciled in the
22 United States on the day of, such entrance into such
23 active service; and

24 “(E) (i) was discharged or released from such

1 service under conditions other than dishonorable after
2 active service of ninety days or more or by reason of a
3 disability or injury incurred or aggravated in service in
4 line of duty, or

5 “(ii) died while in such service,

6 shall be considered a World War II veteran (as defined in
7 subsection (d) (2)) and such service shall be considered
8 to have been performed in the active military or naval serv-
9 ice of the United States.

10 “(2) In the case of any individual to whom paragraph
11 (1) applies, proof of support required under section 202
12 (h) may be filed by a parent at any time prior to the ex-
13 piration of two years after the date of such individual’s
14 death or the date of the enactment of this subsection, which
15 ever is the later.”

16 Reimbursement to Disability Insurance Trust Fund

17 (b) (1) Section 217 (g) (1) of the Social Security
18 Act is amended by deleting “Trust Fund” and inserting in
19 lieu thereof “Trust Funds”.

20 (2) Section 217 (g) (2) of the Social Security Act is
21 amended by deleting “the Trust Fund” each time it appears
22 therein and inserting in lieu thereof “the Federal Old-Age
23 and Survivors Insurance Trust Fund” the first time and
24 “such Trust Fund” the other times.

Effective Date

(c) (1) The amendment made by subsection (a) shall apply only with respect to (A) monthly benefits under sections 202 and 223 of the Social Security Act for months after the month in which this Act is enacted, (B) lump-sum death payments under such section 202 in the case of deaths occurring after the month in which this Act is enacted, and (C) periods of disability under section 216 (i) in the case of applications for a disability determination filed after the month in which this Act is enacted.

(2) In the case of any individual—

(A) who is a World War II veteran (as defined in section 217 (d) (2) of the Social Security Act) wholly or partly by reason of service described in section 217 (h) (1) (A) of such Act; and

(B) who (i) became entitled to old-age insurance benefits under section 202 (a) of the Social Security Act or to disability insurance benefits under section 223 of such Act prior to the first day of the month following the month in which this Act is enacted, or (ii) died prior to such first day, and whose widow, former wife divorced, widower, child, or parent is entitled for the month in which this Act is enacted, on the basis of his wages and self-employment income, to a monthly benefit under section 202 of such Act; and

(C) any part of whose service described in section 217 (h) (1) (A) of the Social Security Act was not included in the computation of his primary insurance amount under section 215 of such Act but would have been included in such computation if the amendment made by subsection (a) of this section had been effective prior to the date of such computation.

the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual upon the filing of an application, after the month in which this Act is enacted, by him or (if he has died without filing such an application) by any person entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income. Such recomputation shall be made only in the manner provided in title II of the Social Security Act as in effect at the time of the last previous computation or recomputation of such individual's primary insurance amount, and as though application therefor was filed in the month in which application for such last previous computation or recomputation was filed. No recomputation made under this subsection shall be regarded as a recomputation under section 215 (f) of the Social Security Act. Any such recomputation shall be effective for and after the twelfth

1 month before the month in which the application is filed, but
2 in no case for the month in which this Act is enacted or any
3 prior month.

4 POSITIONS COVERED BY STATE AND LOCAL RETIREMENT
5 SYSTEMS

6 Division of Retirement Systems

7 SEC. 316. (a) (1) Section 218 (d) (6) of the Social
8 Security Act is amended to read as follows:

9 “(6) (A) If a retirement system covers positions of
10 employees of the State and positions of employees of one or
11 more political subdivisions of the State, or covers positions
12 of employees of two or more political subdivisions of the
13 State, then, for purposes of the preceding paragraphs of this
14 subsection, there shall, if the State so desires, be deemed to
15 be a separate retirement system with respect to any one or
16 more of the political subdivisions concerned and, where the
17 retirement system covers positions of employees of the
18 State, a separate retirement system with respect to the State
19 or with respect to the State and any one or more of the
20 political subdivisions concerned.

21 “(B) If a retirement system covers positions of em-
22 ployees of one or more institutions of higher learning, then,
23 for purposes of such preceding paragraphs there shall, if the
24 State so desires, be deemed to be a separate retirement sys-
25 tem for the employees of each such institution of higher

1 learning. For the purposes of this subparagraph, the term
2 'institutions of higher learning' includes junior colleges and
3 teachers colleges.

4 “(C) For the purposes of this subsection, any retire-
5 ment system established by the State of California, Con-
6 necticut, Florida, Georgia, Massachusetts, Minnesota,
7 New York, North Dakota, Pennsylvania, Rhode Island,
8 Tennessee, Washington, Wisconsin, or the Territory of Ha-
9 waii, or any political subdivision of any such State or Terri-
10 tory, which, on, before, or after the date of enactment of this
11 subparagraph is divided into two divisions or parts, one of
12 which is composed of positions of members of such system
13 who desire coverage under an agreement under this section
14 and the other of which is composed of positions of members
15 of such system who do not desire such coverage, shall, if
16 the State or Territory so desires and if it is provided that
17 there shall be included in such division or part composed
18 of members desiring such coverage the positions of indi-
19 viduals who become members of such system after such
20 coverage is extended, be deemed to be a separate retirement
21 system with respect to each such division or part.

22 “(D) The position of any individual which is covered
23 by any retirement system to which subparagraph (C) is
24 applicable shall, if such individual is ineligible to become
25 a member of such system on August 1, 1956, or, if later,

1 the day he first occupies such position, be deemed to be
2 covered by the separate retirement system consisting of the
3 positions of members of the division or part who do not
4 desire coverage under the insurance system established under
5 this title.

6 “(E) An individual who is in a position covered by a
7 retirement system to which subparagraph (C) is applicable
8 and who is not a member of such system but is eligible to
9 become a member thereof shall, for purposes of this sub-
10 section (other than paragraph (8)), be regarded as a
11 member of such system; except that, in the case of any
12 retirement system a division or part of which is covered
13 under the agreement (either in the original agreement or
14 by a modification thereof), which coverage is agreed to
15 prior to 1960, the preceding provisions of this subparagraph
16 shall apply only if the State so requests and any such
17 individual referred to in such preceding provisions shall, if
18 the State so requests, be treated, after division of the retire-
19 ment system pursuant to such subparagraph (C), the same
20 as individuals in positions referred to in subparagraph (F).

21 “(F) In the case of any retirement system divided pur-
22 suant to subparagraph (C), the position of any member of
23 the division or part composed of positions of members who
24 do not desire coverage may be transferred to the separate

1 retirement system composed of positions of members who
2 desire such coverage if it is so provided in a modification of
3 such agreement which is mailed, or delivered by other
4 means, to the Secretary prior to 1960 or, if later, the
5 expiration of one year after the date on which such
6 agreement, or the modification thereof making the agree-
7 ment applicable to such separate retirement system, as the
8 case may be, is agreed to, but only if, prior to such modifi-
9 cation or such later modification, as the case may be, the
10 individual occupying such position files with the State a writ-
11 ten request for such transfer.

12 “ (G) for the purposes of this subsection, in the case
13 of any retirement system of the State of Florida, Georgia,
14 Minnesota, North Dakota, Pennsylvania, Washington, or
15 the Territory of Hawaii which covers positions of employees
16 of such State or Territory who are compensated in whole
17 or in part from grants made to such State or Territory under
18 title III, there shall be deemed to be, if such State or Terri-
19 tory so desires, a separate retirement system with respect to
20 any of the following:

21 “ (i) the positions of such employees;

22 “ (ii) the positions of all employees of such State
23 or Territory covered by such retirement system who are

1 employed in the department of such State or Territory
2 in which the employees referred to in clause (i) are
3 employed; or

4 “(iii) employees of such State or Territory cov-
5 ered by such retirement system who are employed in
6 such department of such State or Territory in positions
7 other than those referred to in clause (i).”

8 (2) Paragraph (7) of section 218 (d) of such Act is
9 amended by striking out “(created under the fourth sentence
10 of paragraph (6))” and inserting in lieu thereof “(created
11 under subparagraph (C) of paragraph (6) or the corre-
12 sponding provision of prior law)”; and by striking out “the
13 fourth and fifth sentences of paragraph (6)” and inserting
14 in lieu thereof “subparagraphs (C) and (D) of paragraph
15 (6)”.

16 (3) The second sentence of paragraph (2) of section
17 218 (k) of such Act is amended by striking out “the
18 preceding sentence” and inserting in lieu thereof “the first
19 sentence of this paragraph”. The last sentence of such
20 paragraph is amended by striking out “the fourth sentence
21 of subsection (d) (6)” and inserting in lieu thereof “sub-
22 paragraph (C) of subsection (d) (6)”. Such paragraph
23 is further amended by inserting after the first sentence the
24 following new sentence: “An individual who is in a position
25 covered by a retirement system divided pursuant to the

preceding sentence and who is not a member of such system but is eligible to become a member thereof shall, for purposes of this subsection, be regarded as a member of such system. Coverage under the agreement of any such individual shall be provided under the same conditions, to the extent practicable, as are applicable in the case of the States to which the provisions of subsection (d) (6) (C) apply.”

Coverage Under Other Retirement Systems

(b) Section 218 (d) of such Act is amended by adding at the end thereof the following new paragraph:

“(8) (A) Notwithstanding paragraph (1), if under the provisions of this subsection an agreement is, after December 31, 1958, made applicable to service performed in positions covered by a retirement system, service performed by an individual in a position covered by such a system may not be excluded from the agreement because such position is also covered under another retirement system.

“(B) Subparagraph (A) shall not apply to service performed by an individual in a position covered under a retirement system if such individual, on the day the agreement is made applicable to service performed in positions covered by such retirement system, is not a member of such system and is a member of another system.

“(C) If an agreement is made applicable, prior to 1959, to service in positions covered by any retirement system, the

1 preceding provisions of this paragraph shall be applicable
 2 in the case of such system if the agreement is modified to so
 3 provide.

4 “(D) Except in the case of agreements with the States
 5 named in subsection (p) and agreements with interstate
 6 instrumentalities, nothing in this paragraph shall authorize
 7 the application of an agreement to service in any policeman’s
 8 or fireman’s position.”

9 Retroactive Coverage

10 (c) (1) Section 218 (f) of such Act is amended
 11 by inserting “(1)” immediately after “(f)”, by redesignat-
 12 ing clauses (1), (2), (3), and (4) thereof as clauses (A),
 13 (B), (C), and (D), respectively, and by adding at the
 14 end thereof the following new paragraph:

15 “(2) In the case of service performed by members
 16 of any coverage group—

17 “(A) to which an agreement under this section
 18 is made applicable, and

19 “(B) with respect to which the agreement, or
 20 modification thereof making the agreement so applicable,
 21 specifies an effective date earlier than the date of execu-
 22 tion of such agreement and such modification, re-
 23 spectively,

24 the agreement shall, if so requested by the State, be ap-
 25 plicable to such services (to the extent the agreement was

1 not already applicable) performed before such date of execu-
 2 tion and after such effective date by any individual as a
 3 member of such coverage group if he is such a member on
 4 a date, specified by the State, which is earlier than such date
 5 of execution, except that in no case may the date so specified
 6 be earlier than the date such agreement or such modification,
 7 as the case may be, is mailed, or delivered by other means,
 8 to the Secretary.

9 (2) The amendment made by this subsection shall ap-
 10 ply in the case of any agreement, or modification of an
 11 agreement, under section 218 of the Social Security Act,
 12 which is executed after the date of enactment of this Act.

13 POLICEMEN AND FIREMEN OF INTERSTATE INSTRU-
 14 MENTALITIES

15 SEC. 317. Subsection (k) of section 218 of the Social
 16 Security Act is amended by adding at the end thereof the
 17 following new paragraph:

18 “(3) Any agreement with any instrumentality of two
 19 or more States entered into pursuant to this Act may,
 20 notwithstanding the provisions of subsection (d) (5) (A)
 21 and the references thereto in subsections (d) (1) and (d)
 22 (3), apply to service performed by employees of such in-
 23 strumentality in any policeman’s or fireman’s position covered
 24 by a retirement system, but only upon compliance, to the
 25 extent practicable, with the requirements of subsection (d)

1 (3). For the purpose of the preceding sentence, a retirement
2 system which covers positions of policemen or firemen, or
3 both, and other positions shall, if the instrumentality con-
4 cerned so desires, be deemed to be a separate retirement
5 system with respect to the positions of such policemen or
6 firemen, or both, as the case may be.”

7 TITLE IV—AMENDMENTS TO THE INTERNAL
8 REVENUE CODE OF 1954

9 CHANGES IN TAX SCHEDULES

10 Self-Employment Income Tax

11 SEC. 401. (a) Section 1401 of the Internal Revenue
12 Code of 1954 (relating to rate of tax on self-employment
13 income) is amended to read as follows:

14 “SEC. 1401. RATE OF TAX.

15 “In addition to other taxes, there shall be imposed for
16 each taxable year, on the self-employment income of every
17 individual, a tax as follows:

18 “(1) in the case of any taxable year beginning
19 after December 31, 1958, and before January 1, 1960,
20 the tax shall be equal to $3\frac{3}{4}$ percent of the amount of
21 the self-employment income for such taxable year;

22 “(2) in the case of any taxable year beginning after
23 December 31, 1959, and before January 1, 1963, the
24 tax shall be equal to $4\frac{1}{2}$ percent of the amount of the
25 self-employment income for such taxable year;

“(3) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to $5\frac{1}{4}$ percent of the amount of the self-employment income for such taxable year;

“(4) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year; and

“(5) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to $6\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year.”

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

“SEC. 3101. RATE OF TAX.

“In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b)) —

“(1) with respect to wages received during the calendar year 1959, the rate shall be $2\frac{1}{2}$ percent;

“(2) with respect to wages received during the

1 calendar years 1960 to 1962, both inclusive, the rate
2 shall be 3 percent;

3 “(3) with respect to wages received during the
4 calendar years 1963 to 1965, both inclusive, the rate
5 shall be $3\frac{1}{2}$ percent;

6 “(4) with respect to wages received during the
7 calendar years 1966 to 1968, both inclusive, the rate
8 shall be 4 percent; and

9 “(5) with respect to wages received after Decem-
10 ber 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

11 Tax on Employers

12 (c) Section 3111 of such Code (relating to rate of tax
13 on employers under the Federal Insurance Contributions
14 Act) is amended to read as follows:

15 “SEC. 3111. RATE OF TAX.

16 “In addition to other taxes, there is hereby imposed on
17 every employer an excise tax, with respect to having indi-
18 viduals in his employ, equal to the following percentages of
19 the wages (as defined in section 3121 (a)) paid by him
20 with respect to employment (as defined in section 3121
21 (b)) —

22 “(1) with respect to wages paid during the calen-
23 dar year 1959, the rate shall be $2\frac{1}{2}$ percent;

24 “(2) with respect to wages paid during the calen-

dar years 1960 to 1962, both inclusive, the rate shall be 3 percent;

“(3) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be $3\frac{1}{2}$ percent;

“(4) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

“(5) with respect to wages paid after December 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

Effective Dates

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1958. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1958.

INCREASE IN TAX BASE

Definition of Self-Employment Income

SEC. 402. (a) (1) Subparagraph (B) of section 1402

(b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

“(B) for any taxable year ending after 1954 and before 1959, (i) \$4,200, minus (ii) the

1 amount of the wages paid to such individual during
2 the taxable year; and”.

3 (2) Paragraph (1) of section 1402 (b) of such Code
4 is further amended by adding at the end thereof the following
5 new subparagraph:

6 “(C) for any taxable year ending after 1958,
7 (i) \$4,800, minus (ii) the amount of the wages
8 paid to such individual during the taxable year; or”.

9 Definition of Wages

10 (b) Section 3121 (a) of such Code (relating to the
11 definition of wages) is amended by striking out “\$4,200”
12 wherever it appears and inserting in lieu thereof “\$4,800”.

13 Federal Service

14 (c) Section 3122 of such Code (relating to Federal
15 service) is amended by striking out “\$4,200” wherever it
16 appears and inserting in lieu thereof “\$4,800”.

17 Refunds

18 (d) (1) Paragraph (1) of section 6413 (c) of such
19 Code is amended to read as follows:

20 “(1) IN GENERAL.—If by reason of an employee
21 receiving wages from more than one employer during a
22 calendar year after the calendar year 1950 and prior to
23 the calendar year 1955, the wages received by him during
24 such year exceed \$3,600, the employee shall be entitled
25 (subject to the provisions of section 31 (b)) to a credit

1 or refund of any amount of tax, with respect to such
2 wages, imposed by section 1400 of the Internal Revenue
3 Code of 1939 and deducted from the employee's wages
4 (whether or not paid to the Secretary or his delegate),
5 which exceeds the tax with respect to the first \$3,600
6 of such wages received; or if by reason of an employee
7 receiving wages from more than one employer (A)
8 during any calendar year after the calendar year 1954
9 and prior to the calendar year 1959, the wages received
10 by him during such year exceed \$4,200, or (B) during
11 any calendar year after the calendar year 1958, the
12 wages received by him during such year exceed \$4,800,
13 the employee shall be entitled (subject to the provisions
14 of section 31 (b)) to a credit or refund of any amount
15 of tax, with respect to such wages, imposed by section
16 3101 and deducted from the employee's wages (whether
17 or not paid to the Secretary or his delegate), which
18 exceeds the tax with respect to the first \$4,200 of such
19 wages received in such calendar year after 1954 and
20 before 1959, or which exceeds the tax with respect to
21 the first \$4,800 of such wages received in such calendar
22 year after 1958."

23 (2) Subparagraph (A) of section 6413 (c) (2) of
24 such Code is amended to read as follows:

25 " (A) FEDERAL EMPLOYEES.—In the case of

remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term 'wages' includes for purposes of this subsection the amount, not to exceed \$3,600 for the calendar year 1951, 1952, 1953, or 1954, \$4,200 for the calendar year 1955, 1956, 1957, or 1958, or \$4,800 for any calendar year after 1958, determined by each such head or agent as constituting wages paid to an employee."

Effective Date

(e) The amendments made by subsections (b) and (c) shall be applicable only with respect to remuneration paid after 1958.

PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

General Rule

SEC. 403. (a) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(f) PARTNER'S TAXABLE YEAR ENDING AS THE

1 **RESULT OF DEATH.**—In computing a partner's net earnings
 2 from self-employment for his taxable year which ends as a
 3 result of his death (but only if such taxable year ends within,
 4 and not with, the taxable year of the partnership), there
 5 shall be included so much of the deceased partner's distribu-
 6 tive share of the partnership's ordinary income or loss for
 7 the partnership taxable year as is not attributable to an
 8 interest in the partnership during any period beginning on
 9 or after the first day of the first calendar month following
 10 the month in which such partner died. For purposes of this
 11 subsection—

12 “(1) in determining the portion of the distributive
 13 share which is attributable to any period specified in the
 14 preceding sentence, the ordinary income or loss of the
 15 partnership shall be treated as having been realized or
 16 sustained ratably over the partnership taxable year; and

17 “(2) the term ‘deceased partner's distributive
 18 share’ includes the share of his estate or of any other
 19 person succeeding, by reason of his death, to rights with
 20 respect to his partnership interest.”

21 Effective Date

22 (b) (1) Except as provided in paragraph (2), the
 23 amendment made by subsection (a) shall apply only with
 24 respect to individuals who die after the date of the enact-
 25 ment of this Act.

1 (2) In the case of an individual who died after 1955 and
2 on or before the date of the enactment of this Act, the amend-
3 ment made by subsection (a) shall apply only if—

4 (A) before January 1, 1960, there is filed a return
5 (or amended return) of the tax imposed by chapter 2
6 of the Internal Revenue Code of 1954 for the taxable
7 year ending as a result of his death, and

8 (B) in any case where the return is filed solely
9 for the purpose of reporting net earnings from self-em-
10 ployment resulting from the amendment made by sub-
11 section (a), the return is accompanied by the amount
12 of tax attributable to such net earnings.

13 In any case described in the preceding sentence, no interest
14 or penalty shall be assessed or collected on the amount of
15 any tax due under chapter 2 of such Code solely by reason
16 of the operation of section 1402 (f) of such Code.

17 SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

18 SEC. 404. (a) Section 3121 (b) (1) of the Internal
19 Revenue Code of 1954 (relating to definition of employ-
20 ment) is amended to read as follows:

21 “(1) service performed by foreign agricultural
22 workers (A) under contracts entered into in accord-
23 ance with title V of the Agricultural Act of 1949, as
24 amended (65 Stat. 119; 7 U. S. C. 1461–1468), or
25 (B) lawfully admitted to the United States from the

Bahamas, Jamaica, and the other British West Indies,
 or from any other foreign country or possession thereof,
 on a temporary basis to perform agricultural labor;”.

(b) The amendment made by subsection (a) shall
 apply with respect to service performed after 1958.

NONPROFIT ORGANIZATION'S WAIVER CERTIFICATES

SEC. 405. (a) Section 3121 (k) (1) of the Internal
 Revenue Code of 1954 is amended to read as follows:

“(1) WAIVER OF EXEMPTION BY ORGANIZA-
 TION.—

“(A) An organization described in section 501
 (c) (3) which is exempt from income tax under
 section 501 (a) may file a certificate (in such form
 and manner, and with such official, as may be pre-
 scribed by regulations made under this chapter)
 certifying that it desires to have the insurance sys-
 tem established by title II of the Social Security
 Act extended to service performed by its employees
 and that at least two-thirds of its employees concur
 in the filing of the certificate. Such certificate may
 be filed only if it is accompanied by a list contain-
 ing the signature, address, and social security ac-
 count number (if any) of each employee who con-
 curs in the filing of the certificate. Such list may
 be amended at any time prior to the expiration

1 of the twenty-fourth month following the calen-
2 dar quarter in which the certificate is filed by filing
3 with the prescribed official a supplemental list or
4 lists containing the signature, address, and social
5 security account number (if any) of each additional
6 employee who concurs in the filing of the certificate.
7 The list and any supplemental list shall be filed in
8 such form and manner as may be prescribed by
9 regulations made under this chapter.

10 “(B) The certificate shall be in effect (for
11 purposes of subsection (b) (8) (B) and for pur-
12 poses of section 210 (a) (8) (B) of the Social
13 Security Act) for the period beginning with which-
14 ever of the following may be designated by the
15 organization:

16 “(i) the first day of the calendar quarter
17 in which the certificate is filed,

18 “(ii) the first day of the calendar quarter
19 succeeding such quarter, or

20 “(iii) the first day of any calendar quarter
21 preceding the calendar quarter in which the cer-
22 tificate is filed, except that, in the case of a
23 certificate filed prior to January 1, 1960, such
24 date may not be earlier than January 1, 1956,
25 and in the case of a certificate filed after 1959,

1 such date may not be earlier than the first
2 day of the fourth calendar quarter preceding the
3 quarter in which such certificate is filed.

4 “(C) In the case of service performed by an
5 employee whose name appears on a supplemental
6 list filed after the first month following the calendar
7 quarter in which the certificate is filed, the certifi-
8 cate shall be in effect (for purposes of subsection
9 (b) (8) (B) and for purposes of section 210 (a)
10 (8) (B) of the Social Security Act) only with
11 respect to service performed by such individual for
12 the period beginning with the first day of the calen-
13 dar quarter in which such supplemental list is filed.

14 “(D) The period for which a certificate filed
15 pursuant to this subsection or the corresponding sub-
16 section of prior law is effective may be terminated
17 by the organization, effective at the end of a calen-
18 dar quarter, upon giving 2 years’ advance notice in
19 writing, but only if, at the time of the receipt of
20 such notice, the certificate has been in effect for a
21 period of not less than 8 years. The notice of ter-
22 mination may be revoked by the organization by
23 giving, prior to the close of the calendar quarter
24 specified in the notice of termination, a written

1 notice of such revocation. Notice of termination or
2 revocation thereof shall be filed in such form and
3 manner, and with such official, as may be prescribed
4 by regulations made under this chapter.

5 “(E) If an organization described in subpara-
6 graph (A) employs both individuals who are in
7 positions covered by a pension, annuity, retirement,
8 or similar fund or system established by a State or
9 by a political subdivision thereof and individuals
10 who are not in such positions, the organization shall
11 divide its employees into two separate groups. One
12 group shall consist of all employees who are in
13 positions covered by such a fund or system, and the
14 other group shall consist of all remaining employees.
15 An organization which has so divided its employees
16 into two groups may file a certificate pursuant to
17 subparagraph (A) with respect to the employees in
18 one of the groups if at least two-thirds of the em-
19 ployees in such group concur in the filing of the
20 certificate. The organization may also file such a
21 certificate with respect to the employees in the
22 other group if at least two-thirds of the employees
23 in such other group concur in the filing of such
24 certificate.

25 “(F) If a certificate filed pursuant to this para-

graph is effective for one or more calendar quarters prior to the quarter in which the certificate is filed, then—

“(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for such prior calendar quarters resulting from the filing of such certificate shall be the last day of the calendar month following the calendar quarter in which the certificate is filed; and

“(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date.”

(b) Section 3121 (b) (8) (B) of the Internal Revenue Code of 1954 is amended to read as follows:

“(B) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (k) (or the corresponding subsection of prior law), is in effect if such service is performed by an employee—

1 “(i) whose signature appears on the list
2 filed by such organization under subsection (k)
3 (or the corresponding subsection of prior law),

4 “(ii) who became an employee of such
5 organization after the calendar quarter in which
6 the certificate (other than a certificate referred
7 to in clause (iii)) was filed, or

8 “(iii) who, after the calendar quarter in
9 which the certificate was filed with respect to a
10 group described in section 3121 (k) (1) (E),
11 became a member of such group,

12 except that this subparagraph shall apply with
13 respect to service performed by an employee as a
14 member of a group described in section 3121 (k)
15 (1) (E) with respect to which no certificate is in
16 effect;”.

17 (c) The amendments made by subsections (a) and (b)
18 shall apply with respect to certificates filed under section
19 3121 (k) (1) of the Internal Revenue Code of 1954 after
20 the date of enactment of this Act.

21 EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

22 SEC. 406. Section 6334 (a) of the Internal Revenue
23 Code of 1954 (relating to enumeration of property exempt
24 from levy) is amended by adding at the end thereof the
25 following new paragraph:

“ (4) UNEMPLOYMENT BENEFITS.—Any amount payable to an individual with respect to his unemployment (including any portion thereof payable with respect to dependents) under an unemployment compensation law of the United States, of any State or Territory, or of the District of Columbia or of the Commonwealth of Puerto Rico.”

TITLE V—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

OLD-AGE ASSISTANCE

SEC. 501. Subsection (a) of section 3 of the Social Security Act is amended to read as follows:

“(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof) —

“(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month

1 as exceeds the product of \$30 multiplied by the total
2 number of recipients of old-age assistance for such
3 month (which total number, for purposes of this clause
4 and clause (B) and for purposes of clause (2), means
5 (i) the number of individuals who received old-age
6 assistance in the form of money payments for such
7 month, plus (ii) the number of other individuals with
8 respect to whom expenditures were made in such month
9 as old-age assistance in the form of medical or any other
10 type of remedial care) ; plus

11 “(B) the Federal percentage of the amount by
12 which such expenditures exceed the maximum which
13 may be counted under clause (A), but not counting
14 so much of any expenditure with respect to any month
15 as exceeds the product of \$66 multiplied by the total
16 number of such recipients of old-age assistance for such
17 month;

18 and (2) in the case of Puerto Rico, the Virgin Islands, and
19 Guam, an amount equal to one-half of the total of the sums
20 expended during such quarter as old-age assistance under
21 the State plan (including expenditures for insurance pre-
22 miums for medical or any other type of remedial care or
23 the cost thereof), not counting so much of any expenditure
24 with respect to any month as exceeds \$36 multiplied by the
25 total number of recipients of old-age assistance for such

1 month; and (3) in the case of any State, an amount equal
 2 to one-half of the total of the sums expended during such
 3 quarter as found necessary by the Secretary of Health, Edu-
 4 cation, and Welfare for the proper and efficient administra-
 5 tion of the State plan, including services which are provided
 6 by the staff of the State agency (or of the local agency
 7 administering the State plan in the political subdivision)
 8 to applicants for and recipients of old-age assistance to help
 9 them attain self-care.”

10 AID TO DEPENDENT CHILDREN

11 SEC. 502. Subsection (a) of section 403 of the Social
 12 Security Act is amended to read as follows:

13 “(a) From the sums appropriated therefor, the Secre-
 14 tary of the Treasury shall pay to each State which has an
 15 approved plan for aid to dependent children, for each quarter,
 16 beginning with the quarter commencing October 1, 1958,

17 (1) in the case of any State other than Puerto Rico, the Vir-
 18 gin Islands, and Guam, an amount equal to the sum of the
 19 following proportions of the total amounts expended during
 20 such quarter as aid to dependent children under the State
 21 plan (including expenditures for insurance premiums for
 22 medical or any other type of remedial care or the cost
 23 thereof) —

24 “(A) five-sixths of such expenditures, not counting
 25 so much of any expenditure with respect to any month

1 as exceeds the product of \$18 multiplied by the total
2 number of recipients of aid to dependent children for
3 such month (which total number, for purposes of this
4 clause and clause (B) and for purposes of clause (2),
5 means (i) the number of individuals with respect to
6 whom aid to dependent children in the form of money
7 payments is paid for such month, plus (ii) the number
8 of other individuals with respect to whom expenditures
9 were made in such month as aid to dependent children
10 in the form of medical or any other type of remedial
11 care) ; plus

12 “(B) the Federal percentage of the amount by
13 which such expenditures exceed the maximum which
14 may be counted under clause (A), but not counting so
15 much of any expenditure with respect to any month
16 as exceeds the product of \$33 multiplied by the total
17 number of recipients of aid to dependent children for
18 such month;

19 and (2) in the case of Puerto Rico, the Virgin Islands,
20 and Guam, an amount equal to one-half of the total of the
21 sums expended during such quarter as aid to dependent
22 children under the State plan (including expenditures for
23 insurance premiums for medical or any other type of
24 remedial care or the cost thereof), not counting so much

1 of any expenditure with respect to any month as exceeds
 2 \$18 multiplied by the total number of recipients of aid to
 3 dependent children for such month; and (3) in the case
 4 of any State, an amount equal to one-half of the total of the
 5 sums expended during such quarter as found necessary by
 6 the Secretary of Health, Education, and Welfare for the
 7 proper and efficient administration of the State plan, in-
 8 cluding services which are provided by the staff of the State
 9 agency (or of the local agency administering the State plan
 10 in the political subdivision) to relatives with whom such
 11 children (applying for or receiving such aid) are living,
 12 in order to help such relatives attain self-support or self-
 13 care, or which are provided to maintain and strengthen
 14 family life for such children.”

15 AID TO THE BLIND

16 SEC. 503. Subsection (a) of section 1003 of the Social
 17 Security Act is amended to read as follows:

18 “(a) From the sums appropriated therefor, the Secre-
 19 tary of the Treasury shall pay to each State which has an
 20 approved plan for aid to the blind, for each quarter, begin-
 21 ning with the quarter commencing October 1, 1958, (1)
 22 in the case of any State other than Puerto Rico, the Virgin
 23 Islands, and Guam, an amount equal to the sum of the
 24 following proportions of the total amounts expended during

1 such quarter as aid to the blind under the State plan (in-
2 cluding expenditures for insurance premiums for medical or
3 any other type of remedial care or the cost thereof) —

4 “ (A) four-fifths of such expenditures, not counting
5 so much of any expenditure with respect to any month
6 as exceeds the product of \$30 multiplied by the total
7 number of recipients of aid to the blind for such month
8 (which total number, for purposes of this clause and
9 clause (B) and for purposes of clause (2), means
10 (i) the number of individuals who received aid to the
11 blind in the form of money payments for such month,
12 plus (ii) the number of other individuals with respect
13 to whom expenditures were made in such month as
14 aid to the blind in the form of medical or any other
15 type of remedial care) ; plus

16 “ (B) the Federal percentage of the amount by
17 which such expenditures exceed the maximum which
18 may be counted under clause (A), but not counting so
19 much of any expenditure with respect to any month as
20 exceeds the product of \$66 multiplied by the total
21 number of such recipients of aid to the blind for such
22 month ;

23 and (2) in the case of Puerto Rico, the Virgin Islands, and
24 Guam, an amount equal to one-half of the total of the sums
25 expended during such quarter as aid to the blind under the

1 State plan (including expenditures for insurance premiums
 2 for medical or any other type of remedial care or the cost
 3 thereof), not counting so much of any expenditure with
 4 respect to any month as exceeds \$36 multiplied by the total
 5 number of recipients of aid to the blind for such month; and
 6 (3) in the case of any State, an amount equal to one-half
 7 of the total of the sums expended during such quarter as
 8 found necessary by the Secretary of Health, Education, and
 9 Welfare for the proper and efficient administration of the
 10 State plan, including services which are provided by the staff
 11 of the State agency (or of the local agency administering the
 12 State plan in the political subdivision) to applicants for and
 13 recipients of aid to the blind to help them attain self-support
 14 or self-care.”

15 AID TO THE PERMANENTLY AND TOTALLY DISABLED

16 SEC. 504. Subsection (a) of section 1403 of the Social
 17 Security Act is amended to read as follows:

18 “(a) From the sums appropriated therefor, the Secre-
 19 tary of the Treasury shall pay to each State which has an
 20 approved plan for aid to the permanently and totally dis-
 21 abled, for each quarter, beginning with the quarter com-
 22 mencing October 1, 1958, (1) in the case of any State
 23 other than Puerto Rico, the Virgin Islands, and Guam an
 24 amount equal to the sum of the following proportions of the
 25 total amounts expended during such quarter as aid to the

1 manently and totally disabled under the State plan (includ-
2 ing expenditures for insurance premiums for medical or any
3 other type of remedial care or the cost thereof) —

4 “(A) four-fifths of such expenditures, not counting
5 so much of any expenditure with respect to any month as
6 exceeds the product of \$30 multiplied by the total
7 number of recipients of aid to the permanently and
8 totally disabled for such month (which total number,
9 for purposes of this clause and clause (B) and for pur-
10 poses of clause (2), means (i) the number of individ-
11 uals who received aid to the permanently and totally dis-
12 abled in the form of money payments for such month,
13 plus (ii) the number of other individuals with respect
14 to whom expenditures were made in such month as aid
15 to the permanently and totally disabled in the form of
16 medical or any other type of remedial care) ; plus

17 “(B) the Federal percentage of the amount by
18 which such expenditures exceed the maximum which
19 may be counted under clause (A), but not counting
20 so much of any expenditure with respect to any month
21 as exceeds the product of \$66 multiplied by the total
22 number of such recipients of aid to the permanently
23 and totally disabled for such month;

24 and (2) in the case of Puerto Rico, the Virgin Islands, and
25 Guam, an amount equal to one-half of the total of the sums

1 expended during such quarter as aid to the permanently
 2 and totally disabled under the State plan (including ex-
 3 penditures for insurance premiums for medical or any other
 4 type of remedial care or the cost thereof), not counting
 5 so much of any expenditure with respect to any month as
 6 exceeds \$36 multiplied by the total number of recipients
 7 of aid to the permanently and totally disabled for such
 8 month; and (3) in the case of any State, an amount equal to
 9 one-half of the total of the sums expended during such
 10 quarter as found necessary by the Secretary of Health,
 11 Education, and Welfare for the proper and efficient admin-
 12 istration of the State plan, including services which are
 13 provided by the staff of the State agency (or of the local
 14 agency administering the State plan in the political sub-
 15 division) to applicants for and recipients of aid to the per-
 16 manently and totally disabled to help them attain self-sup-
 17 port or self-care.”

18 FEDERAL MATCHING PERCENTAGE

19 SEC. 505. Subsection (a) of section 1101 of the Social
 20 Security Act is amended by adding at the end thereof the fol-
 21 lowing new paragraph:

22 “(8) (A) The ‘Federal percentage’ for any State
 23 (other than Puerto Rico, the Virgin Islands, and Guam)
 24 shall be 100 per centum less the State percentage; and

the State percentage shall be that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (excluding Alaska) ; except that (i) the Federal percentage shall in no case be less than 50 per centum or more than 70 per centum, and (ii) the Federal percentage shall be 50 per centum for Alaska and Hawaii.

“(B) The Federal percentage for each State (other than Puerto Rico, the Virgin Islands, and Guam) shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the continental United States (excluding Alaska) for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentage as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the eleven quarters in the period beginning October 1, 1958, and ending with the close of June 30, 1961.”

EXTENSION TO GUAM

SEC. 506. Section 1101 (a) (1) of the Social Security Act is amended by striking out "Puerto Rico and the Virgin Islands" and inserting in lieu thereof "Puerto Rico, the Virgin Islands, and Guam".

INCREASE IN LIMITATIONS ON PUBLIC ASSISTANCE PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 507. (a) Section 1108 of the Social Security Act is amended by striking out "\$5,312,500" and "\$200,000" and inserting in lieu thereof "\$8,500,000" and "\$300,000", respectively, by striking out "and" immediately following the semicolon, and by adding immediately before the period at the end thereof "; and the total amount certified by the Secretary under such titles for payment to Guam with respect to any fiscal year shall not exceed \$400,000".

(b) The heading of such section is amended to read "LIMITATION ON PAYMENTS TO PUERTO RICO, VIRGIN ISLANDS, AND GUAM".

MATERNAL AND CHILD WELFARE GRANTS FOR GUAM

SEC. 508. Such section 1108 is further amended by adding at the end thereof the following new sentence: "Notwithstanding the provisions of sections 502 (a) (2), 512 (a) (2), and 522 (a), and until such time as the Congress may by appropriation or other law otherwise provide, the Secretary shall, in lieu of the \$60,000, \$60,000,

1 and \$60,000, respectively, specified in such sections, allot
2 such smaller amounts to Guam as he may deem appropriate.”

3 TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS
4 RELATING TO STATE PLANS FOR AID TO THE BLIND

5 SEC. 509. Section 344 (b) of the Social Security Act
6 Amendments of 1950 (Public Law 734, Eighty-first Con-
7 gress), as amended, is amended by striking out “June 30,
8 1959” and inserting in lieu thereof “June 30, 1961”.

9 SPECIAL PROVISION FOR CERTAIN INDIANS REPEALED

10 SEC. 510. Effective in the case of payments with respect
11 to expenditures by States, under plans approved under title
12 I, IV, or X of the Social Security Act, for quarters beginning
13 after September 30, 1958, section 9 of the Act of April 19,
14 1950, as amended (25 U. S. C. 639), is repealed.

15 TECHNICAL AMENDMENT

16 SEC. 511. Section 2 (a) (11) of the Social Security
17 Act is amended by inserting before the period at the end
18 thereof “, including a description of the steps taken to assure,
19 in the provision of such services, maximum utilization of
20 other agencies providing similar or related services”.

21 EFFECTIVE DATES

22 SEC. 512. Notwithstanding the provisions of sections
23 305 and 345 of the Social Security Amendments of 1956,
24 as amended, the amendments made by sections 501, 502,
25 503, 504, 505, and 506 shall be effective—

(1) in the case of money payments, under a State plan approved under title I, IV, X, or XIV of the Social Security Act, for months after September 1958, and

(2) in the case of assistance in the form of medical or any other type of remedial care, under such a plan, with respect to expenditures made after September 1958.

The amendment made by section 506 shall also become effective, for purposes of title V of the Social Security Act, for fiscal years ending after June 30, 1959. The amendments made by section 507 shall be effective for fiscal years ending after June 30, 1958. The amendment made by section 508 shall be effective for fiscal years ending after June 30, 1959. The amendment made by section 510 shall become effective October 1, 1958.

TITLE VI—MATERNAL AND CHILD WELFARE

CHILD WELFARE SERVICES

SEC. 601. Part 3 of title V of the Social Security Act is amended to read as follows:

“PART 3—CHILD-WELFARE SERVICES

“APPROPRIATION

“SEC. 521. For the purpose of enabling the United States, through the Secretary, to cooperate with State public-welfare agencies in establishing, extending, and strengthening public-welfare services (hereinafter in this title referred

1 to as 'child-welfare services') for the protection and care of
2 homeless, dependent, and neglected children, and children
3 in danger of becoming delinquent, there is hereby authorized
4 to be appropriated for each fiscal year, beginning with the
5 fiscal year ending June 30, 1959, the sum of \$17,000,000.

6 "ALLOTMENTS TO STATES

7 "SEC. 522. (a) The sums appropriated for each fiscal
8 year under section 521 shall be allotted by the Secretary
9 for use by cooperating State public-welfare agencies which
10 have plans developed jointly by the State agency and the
11 Secretary, as follows: He shall allot to each State such por-
12 tion of \$60,000 as the amount appropriated under section
13 521 for such year bears to the amount authorized to be so
14 appropriated; and he shall allot to each State an amount
15 which bears the same ratio to the remainder of the sums so
16 appropriated for such year as the product of (1) the popula-
17 tion of such State under the age of 21 and (2) the allot-
18 ment percentage of such State (as determined under section
19 524) bears to the sum of the corresponding products of all
20 the States.

21 "(b) (1) If the amount allotted to a State under sub-
22 section (a) for any fiscal year is less than such State's base
23 allotment, it shall be increased to such base allotment, the
24 total of the increases thereby required being derived by
25 proportionately reducing the amount allotted under sub-

1 section (a) to each of the remaining States, but with such
2 adjustments as may be necessary to prevent the allotment of
3 any such remaining State under subsection (a) from being
4 thereby reduced to less than its base allotment.

5 “(2) For purposes of paragraph (1) the base allot-
6 ment of any State for any fiscal year means the amount
7 which would be allotted to such State for such year under
8 the provisions of section 521, as in effect prior to the enact-
9 ment of the Social Security Amendments of 1958, as applied
10 to an appropriation of \$12,000,000.

11 “PAYMENT TO STATES

12 “SEC. 523. (a) From the sums appropriated therefor
13 and the allotment available under section 522, the Secretary
14 shall from time to time pay to each State with a plan for
15 child-welfare services developed as provided in such section
16 522 an amount equal to the Federal share (as determined
17 under section 524) of the total sum expended under such
18 plan (including the cost of administration of the plan) in
19 meeting the costs of district, county, or other local child-
20 welfare services, in developing State services for the encour-
21 agement and assistance of adequate methods of community
22 child-welfare organization, in paying the costs of returning
23 any runaway child who has not attained the age of eighteen
24 to his own community in another State, and of maintaining
25 such child until such return (for a period not exceeding fifteen

1 days), in cases in which such costs cannot be met by the
 2 parents of such child or by any person, agency, or institution
 3 legally responsible for the support of such child: *Provided*,
 4 That in developing such services for children the facilities and
 5 experience of voluntary agencies shall be utilized in accord-
 6 ance with child-care programs and arrangements in the
 7 States and local communities as may be authorized by the
 8 State.

9 “(b) The method of computing and paying such
 10 amounts shall be as follows:

11 “(1) The Secretary shall, prior to the beginning of each
 12 period for which a payment is to be made, estimate the
 13 amount to be paid to the State for such period under the
 14 provisions of subsection (a).

15 “(2) From the allotment available therefor, the Secre-
 16 tary shall pay the amount so estimated, reduced or increased,
 17 as the case may be, by any sum (not previously adjusted
 18 under this section) by which he finds that his estimate of the
 19 amount to be paid the State for any prior period under this
 20 section was greater or less than the amount which should
 21 have been paid thereunder to the State for such prior period.

22 “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

23 “SEC. 524. (a) The ‘allotment percentage’ for any
 24 State shall be 100 per centum less the State percentage;
 25 and the State percentage shall be that percentage which

1 bears the same ratio to 50 per centum as the per capita in-
2 come of such State bears to the per capita income of the con-
3 tinental United States (excluding Alaska) ; except that
4 (A) the allotment percentage shall in no case be less than
5 30 per centum or more than 70 per centum, and (B) the
6 allotment percentage shall be 50 per centum in the case of
7 Alaska and 70 per centum in the case of Puerto Rico, the
8 Virgin Islands, and Guam.

9 “(b) For the fiscal year ending June 30, 1960,
10 and each year thereafter, the ‘Federal share’ for any State
11 shall be 100 per centum less that percentage which bears
12 the same ratio to 50 per centum as the per capita income of
13 such State bears to the per capita income of the continental
14 United States (excluding Alaska), except that (1) in no
15 case shall the Federal share be less than $33\frac{1}{3}$ per centum
16 or more than $66\frac{2}{3}$ per centum, and (2) the Federal share
17 shall be 50 per centum in the case of Alaska and $66\frac{2}{3}$ per
18 centum in the case of Puerto Rico, the Virgin Islands, and
19 Guam. For the fiscal year ending June 30, 1959, the
20 Federal share shall be determined pursuant to the provisions
21 of section 521 as in effect prior to the enactment of the
22 Social Security Amendments of 1958.

23 “(c) The Federal share and the allotment percentage
24 for each State shall be promulgated by the Secretary between
25 July 1 and August 31 of each even-numbered year, on the

1 basis of the average per capita income of each State and of
2 the continental United States (excluding Alaska) for the
3 three most recent calendar years for which satisfactory data
4 are available from the Department of Commerce. Such
5 promulgation shall be conclusive for each of the two fiscal
6 years in the period beginning July 1 next succeeding such
7 promulgation: *Provided*, That the Secretary shall promul-
8 gate such Federal shares and allotment percentages as soon
9 as possible after the enactment of the Social Security Amend-
10 ments of 1958, which promulgation shall be conclusive until
11 July 1, 1959.

12 "REALLOTMENT

13 "SEC. 525. The amount of any allotment to a State
14 under section 522 for any fiscal year which the State certifies
15 to the Secretary will not be required for carrying out the
16 State plan developed as provided in such section shall be
17 available for reallootment from time to time, on such dates as
18 the Secretary may fix, to other States which the Secretary
19 determines (1) have need in carrying out their State plans
20 so developed for sums in excess of those previously allotted
21 to them under that section and (2) will be able to use such
22 excess amounts during such fiscal year. Such reallootments
23 shall be made on the basis of the State plans so developed,
24 after taking into consideration the population under the age
25 of twenty-one, and the per capita income of each such

1 State as compared with the population under the age of
2 twenty-one, and the per capita income of all such States
3 with respect to which such a determination by the Secretary
4 has been made. Any amount so reallocated to a State shall
5 be deemed part of its allotment under section 522.”

6 MATERNAL AND CHILD HEALTH

7 SEC. 602. (a) Section 501 of such Act is amended by
8 striking out “for the fiscal year ending June 30, 1951, the
9 sum of \$15,000,000, and for each fiscal year beginning after
10 June 30, 1951, the sum of \$16,500,000” and inserting in
11 lieu thereof “for each fiscal year beginning after June 30,
12 1958, the sum of \$21,500,000”.

13 (b) Section 502 (a) (2) of such Act is amended by
14 striking out “for each fiscal year beginning after June 30,
15 1951, the Administrator shall allot \$8,250,000 as follows:
16 He shall allot to each State \$60,000 and shall allot to each
17 State such part of the remainder of the \$8,250,000” and
18 inserting in lieu thereof “for each fiscal year beginning after
19 June 30, 1958, the Secretary shall allot \$10,750,000 as
20 follows: He shall allot to each State \$60,000 (even though
21 the amount appropriated for such year is less than \$21,-
22 500,000), and shall allot each State such part of the re-
23 mainder of the \$10,750,000”.

24 (c) Section 502 (b) of such Act is amended by
25 striking out “the fiscal year ending June 30, 1951, the

1 sum of \$7,500,000, and for each fiscal year beginning after
2 June 30, 1951, the sum of \$8,250,000” and inserting in
3 lieu thereof “each fiscal year beginning after June 30, 1958,
4 the sum of \$10,750,000”.

5 CRIPPLED CHILDREN’S SERVICES

6 SEC. 603. (a) Section 511 of such Act is amended by
7 striking out “for the fiscal year ending June 30, 1951, the
8 sum of \$12,000,000, and for each fiscal year beginning
9 after June 30, 1951, the sum of \$15,000,000” and inserting
10 in lieu thereof “for each fiscal year beginning after June 30,
11 1958, the sum of \$20,000,000”.

12 (b) Section 512 (a) (2) of such Act is amended by
13 striking out “for each fiscal year beginning after June 30,
14 1951, the Administrator shall allot \$7,500,000 as follows:
15 He shall allot to each State \$60,000, and shall allot the
16 remainder of the \$7,500,000” and inserting in lieu thereof
17 “for each fiscal year beginning after June 30, 1958, the
18 Secretary shall allot \$10,000,000 as follows: He shall allot
19 to each State \$60,000 (even though the amount appro-
20 priated for such year is less than \$20,000,000) and shall
21 allot the remainder of the \$10,000,000”.

22 (c) Section 512 (b) of such Act is amended by strik-
23 ing out “the fiscal year ending June 30, 1951, the sum of
24 \$6,000,000, and for each fiscal year beginning after June

1 30, 1951, the sum of \$7,500,000” and inserting in lieu
2 thereof “each fiscal year beginning after June 30, 1958, the
3 sum of \$10,000,000”.

4 TITLE VII—MISCELLANEOUS PROVISIONS

5 FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH,
6 EDUCATION, AND WELFARE

7 SEC. 701. Section 1106 (b) of the Social Security Act
8 is amended to read as follows:

9 “(b) Requests for information, disclosure of which is
10 authorized by regulations prescribed pursuant to subsection
11 (a) of this section, and requests for services, may, subject
12 to such limitations as may be prescribed by the Secretary to
13 avoid undue interference with his functions under this Act,
14 be complied with if the agency, person, or organization
15 making the request agrees to pay for the information or serv-
16 ices requested in such amount, if any (not exceeding the cost
17 of furnishing the information or services), as may be deter-
18 mined by the Secretary. Payments for information or serv-
19 ices furnished pursuant to this section shall be made in ad-
20 vance or by way of reimbursement, as may be requested by
21 the Secretary, and shall be deposited in the Treasury as a
22 special deposit to be used to reimburse the appropriations
23 (including authorizations to make expenditures from the
24 Federal Old-Age and Survivors Insurance Trust Fund and

1 the Federal Disability Insurance Trust Fund) for the unit
2 or units of the Department of Health, Education, and Wel-
3 fare which furnished the information or services.”

4 COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXEMPT
5 ORGANIZATIONS WHICH PAID TAX

6 SEC. 702. (a) Section 403 (a) (1) of the Social
7 Security Amendments of 1954 is amended by striking out
8 “has failed to file prior to the enactment of the Social Security
9 Amendments of 1956” and inserting in lieu thereof “did
10 not have in effect, during the entire period in which the
11 individual was so employed,”.

12 (b) Section 403 (a) (3) of the Social Security
13 Amendments of 1954 is amended by inserting “performed
14 during the period in which such organization did not have
15 a valid waiver certificate” after “service”.

16 (c) Section 403 (a) (5) of the Social Security
17 Amendments of 1954 is amended by inserting “without
18 knowledge that a waiver certificate was necessary, or” after
19 “in good faith and”.

20 MEANING OF TERM “SECRETARY”

21 SEC. 703. As used in the provisions of the Social Secu-
22 rity Act amended by this Act, the term “Secretary”,
23 unless the context otherwise requires, means the Secretary
24 of Health, Education, and Welfare.

A BILL

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

By Mr. Reed

JULY 28, 1958

Referred to the Committee on Ways and Means

SOCIAL SECURITY AMENDMENTS OF 1958

REPORT

OF THE

COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES

TO ACCOMPANY

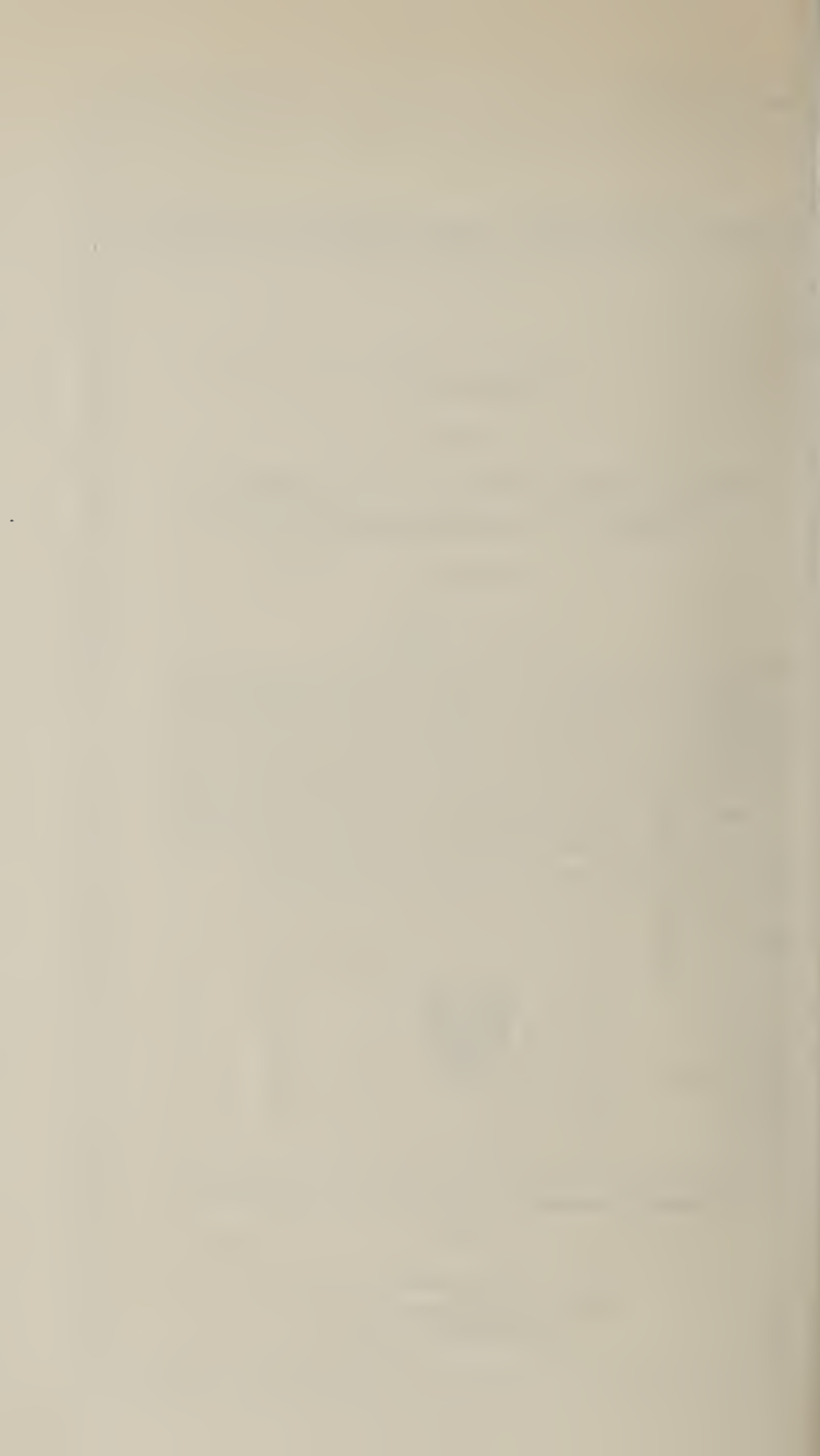
H. R. 13549

A BILL TO INCREASE BENEFITS UNDER THE FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, TO IMPROVE THE ACTUARIAL STATUS OF THE TRUST FUNDS OF SUCH SYSTEM, AND OTHERWISE IMPROVE SUCH SYSTEM; TO AMEND THE PUBLIC ASSISTANCE AND MATERNAL AND CHILD HEALTH AND WELFARE PROVISIONS OF THE SOCIAL SECURITY ACT; AND FOR OTHER PURPOSES



JULY 28, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1958



CONTENTS

	Page
Organization of the report.....	1
I. Purpose and scope of old-age, survivors, and disability insurance provisions.....	1
A. Strengthening the financial basis of the system.....	3
B. Increase in benefit amounts.....	4
C. Increase in the maximum earnings base.....	4
D. Improvements in disability protection:	
(1) Benefits for dependents of disability insurance beneficiaries.....	5
(2) Elimination of the disability benefits offset provision.....	5
(3) Retroactivity for applications for disability benefits and the disability freeze.....	5
(4) Modifications in the work requirements for eligibility for disability protection.....	6
E. Study of hospitalization insurance for old-age, survivors, and disability beneficiaries.....	6
H. Study of coverage of tips.....	7
I. Study of the retirement test.....	7
II. Summary of principal provisions of the bill:	
A. Old-age, survivors, and disability insurance provisions.....	8
B. Public assistance provisions.....	10
C. Maternal and child welfare provision.....	10
III. Discussion of old-age, survivors, and disability provisions:	
A. Increase in old-age, survivors, and disability insurance benefits.....	11
(1) General.....	11
(2) Increase in benefit amounts.....	11
(3) Family benefits.....	11
(4) Benefit table to replace formulas and conversion table.....	11
B. Earnings base.....	12
C. Benefits for dependents of disability insurance beneficiaries.....	12
D. Other improvements in the disability provisions.....	13
(1) Elimination of disability benefit offset provision.....	13
(2) Retroactive payment of disability insurance benefits.....	13
(3) Modification of work requirement for eligibility for disability protection.....	14
(4) Extension of the period for filing disability freeze applications that are fully retroactive.....	15
E. Improvement of the retirement test:	
(1) Change from \$80 to \$100 in amount of wages used in determining whether benefits must be withheld for a month.....	16
(2) Change the order in which excess earnings are allocated to the months of the year.....	16
(3) Filing of annual report.....	17
F. Dependents' benefits:	
(1) Dependency of a disabled child.....	17
(2) Payment of parent's benefits where a widow or child survives.....	17
(3) Benefits for an adopted child after the worker's death.....	17
(4) Removal of 3-year requirement for a child adopted by a retired worker.....	17

III. Discussion of old-age, survivors, and disability provisions—Con.

F. Dependents' benefits—Continued

(5) Elimination of duration of marriage requirement where a child has been adopted by the deceased worker.....	Page 18
(6) Elimination of duration of marriage requirement where a secondary beneficiary marries an old-age beneficiary.....	18
(7) Provision that marriage will not terminate benefits in certain situations.....	18
(8) Reinstatement of rights to mother's insurance benefits.....	18

G. Coverage:

(1) Employment for nonprofit organization.....	19
(2) Retroactive coverage for certain employees of State and local governments.....	19
(3) Addition of Massachusetts to the States which may provide coverage through division of retirement systems.....	20
(4) Facilitating coverage under the provisions for division of State and local government retirement systems.....	20
(5) Facilitate social-security coverage of persons in positions under more than one retirement system.....	21
(6) Policemen and firemen under retirement systems employed by interstate instrumentalities.....	22
(7) Coverage of sick-leave payments to State and local government employees.....	22
(8) Turpentine workers.....	23
(9) Coverage of partnership earnings in year of partner's death.....	23
(10) Social-security credits for certain American citizens who served in the Armed Forces of allied countries.....	23

H. Miscellaneous provisions:

(1) Change in eligibility requirement for the lump-sum death payment.....	24
(2) Authorization to charge for certain services provided by the Bureau of Old-Age and Survivors Insurance.....	24
(3) Description of offenses that constitute fraud.....	25
(4) Remove requirement in the law that attorney representing claimant before the Secretary file with the Secretary a certificate of his right to do so.....	25

I. Increases in contribution rates.....

25

J. Actuarial cost estimates for the old-age, survivors, and disability insurance system.....

26

IV. Discussion of public assistance and maternal and child welfare provisions:

A. Public-assistance provisions.....

38

(1) General.....	38
(2) Federal matching formula.....	38
(3) Approval of certain plans for aid to the blind.....	41
(4) Repeal of section 9 of Public Law 474.....	41
(5) Technical amendment.....	42
(6) Guam, Puerto Rico, and the Virgin Islands.....	42

B. Maternal and child-welfare provisions.....

42

V. Section-by-section analysis.....

44

SOCIAL SECURITY AMENDMENTS OF 1958

JULY 28, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 13549]

The Committee on Ways and Means, to whom was referred the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

ORGANIZATION OF THE REPORT

Your committee's bill would amend three important parts of the Social Security Act: Old-age, survivors and disability insurance, title II; Public Assistance, titles I, IV, X, and XIV; and Maternal and Child Welfare, title V. Sections I, II, and III of this report are concerned primarily with old-age, survivors, and disability insurance. Section IV is concerned with public assistance and maternal and child welfare, and section V is a section-by-section analysis of the bill.

I. PURPOSE AND SCOPE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS

The old-age and survivors insurance benefit structure and the contribution schedule by which the benefits are financed have not been revised by the Congress since 1954. Since that date there have been significant increases in wages and prices; also, new cost estimates have shown an increase in the actuarial deficit of the program. In the light of these developments, it is imperative that the Congress take

prompt action to assure that the program be kept both effective and actuarially sound.

Twelve million now rely on monthly checks from the social-security system as the foundation of their economic security. For the overwhelming majority of these aged and disabled persons, widows and orphans, these benefits are the major source of their support. As prices have risen in recent years the purchasing power of social-security benefits has been cut.

Your committee is equally concerned about the 75 million people who are currently contributing under the social-security program toward the benefits that they and their families will need when they in their turn become too old or too disabled to work or when they die. These 75 million persons, together with their dependents, represent practically all Americans not already in the retired group. The benefit protection toward which these workers are contributing has been deteriorating in relation to the wages they are now earning. For although wages have gone up, the system has not been adjusted to take this fact into account. In a dynamic economy such as ours it is necessary that the social-security system be periodically amended to keep up to date the maximum earnings base which governs how much of each worker's annual earnings is subject to contributions and counted toward his social-security protection, in order to keep benefit amounts generally in line with changing prices, wages, and levels of living.

Your committee has not been able to recommend benefits at as high a level as, in our opinion, would be justified if one considered solely the need for this protection. The increase of approximately 7 percent provided by the bill is actually somewhat short of the rise in the cost of living that has taken place since 1954. We believe, however, that it is essential that a significant part of the additional contributions to the system that we are recommending be used to strengthen the financing of the system rather than to improve benefit protection.

The latest long-range cost estimates prepared by the Chief Actuary of the Social Security Administration show that the old-age and survivors insurance part of the program (as distinct from the disability part) is further out of actuarial balance than your committee considers it prudent for the program to be. When the last major changes were made in 1956 the estimates prepared at that time showed an expected long-range actuarial deficit for old-age and survivors insurance of two-tenths of 1 percent of payroll on an intermediate cost basis. More recent estimates show that the old-age and survivors insurance part of the program is now expected to be out of balance by fifty-seven one-hundredths of 1 percent of payroll. Your committee believes that a deficit of the size indicated by present cost estimates should not be permitted to continue.

The disability insurance part of the program, on the other hand, shows a definite actuarial surplus. This is not unexpected; your committee, when it recommended the adoption of disability insurance benefits in 1956, decided that it would be best to go into the program on a conservative basis. Not only are the contributions imposed for the purpose of financing the disability side of the program fully adequate to meet outgo, so far as can be determined at this time, but there is some room for improvements in the protection afforded to disabled workers and their families.

More than 500 bills dealing with social security have been referred to your committee for its consideration during the present Congress. We have held over 2 weeks of public hearings on the program. We have heard testimony of the Secretary of Health, Education, and Welfare and of many interested individuals and groups. We have found as a result of our review and consideration that there are four major ways in which the old-age, survivors and disability insurance programs should be improved. In addition, the committee is recommending improvements in the public assistance and maternal and child welfare programs which are discussed later in this report.

The committee's recommendations in the OASDI programs are as follows:

1. The financial basis of the old-age, survivors, and disability insurance program needs to be strengthened so as to make certain that it is sound.
2. Old-age, survivors, and disability insurance benefit amounts need to be increased.
3. The maximum limitation on the annual amount of earnings that can be credited toward benefits and taxed for old-age, survivors, and disability insurance purposes needs to be increased.
4. The disability insurance provisions of the program need to be improved through the provision of benefits for dependents of disabled workers, through the elimination of the provision offsetting certain other disability benefits, and in other ways.

A. STRENGTHENING THE FINANCIAL BASIS OF THE SYSTEM

In addition to the need for action to reduce the insufficiency in the financing of old-age and survivors insurance over the long range, there is need for action to improve the condition of the system over the next few years. This year, for the first time in the 18 years since benefits were first paid, the income to the old-age and survivors insurance trust fund is slightly less than the expenditures from the fund. If no changes are made, outgo will continue to exceed income in each year until 1965. Your committee believes that a situation where outgo exceeds income for 7 or 8 years is one that should not be permitted to continue. We believe that public confidence in the system—so necessary if it is to provide real security for the people—may be impaired if the trust fund continues to decline.

Your committee also thinks it important that the present generation of contributors bear a greater proportion of the true cost of the benefits provided by the program than they will under the present schedule of contribution rates. The level-premium cost of the present program on an intermediate basis is estimated at about 8¼ percent of payroll—somewhat over 4 percent each if split equally between employers and employees. Under the present tax schedule the contributors will not pay taxes as high as their share of the level-premium cost until 1975. While your committee believes that the taxes required to support the program should be imposed on the economy gradually, under the present schedule the reflection of the true cost of the program in the contribution rate is being too long postponed.

All of these considerations have led the committee to recommend that a new schedule of contribution rates be put into effect immediately.

Your committee is looking forward to the recommendations of the Advisory Council on Social Security Financing, which is due to report at the end of this year. We are particularly interested in the Council's evaluation of the procedures used in estimating costs, of the policies followed in the investment of the funds, and of the financial principles of the program.

B. INCREASE IN BENEFIT AMOUNTS

Your committee believes that adjustments in old-age, survivors, and disability insurance benefit amounts are necessary at this time. Since the last benefit increase was put into effect in 1954, wages have increased by about 12 percent and prices by 8 percent. The generally higher level of the economy means that a benefit increase is required now if the program is to continue to be effective and if the serious hardships beneficiaries are facing are to be relieved.

A survey of beneficiaries made by the Department of Health, Education, and Welfare in December 1957 showed that for most beneficiaries old-age and survivors insurance benefits constitute the major source of income. Of the married couples on the benefit rolls, 12 percent had no income other than their benefits, and 60 percent had less than \$1,200 of such other income. If only permanent retirement income is considered, 30 percent of the married couples had no such income other than their old-age and survivors insurance benefits, and only 20 percent had as much as \$1,200 of such other income. The situation of single retired workers and of aged widow beneficiaries is less favorable than that of the married couples. Clearly, since their benefits are such an important part of their income, the beneficiaries will be in real need if benefit amounts are not adjusted in the light of rising prices, wages, and levels of living.

C. INCREASE IN THE MAXIMUM EARNINGS BASE

Provision is made in your committee's bill for increasing from \$4,200 to \$4,800 the maximum on the annual amount of earnings on which workers pay social-security taxes and which count in the computation of their benefits. Your committee believes the rise in earnings levels makes such an increase appropriate. If the earnings base is not increased as wages rise, the wage-related character of the system will be weakened and eventually lost. In 1950 about 64 percent of regularly employed men would have had all their wages credited toward benefits under the \$3,600 base that was adopted in that year. The \$4,200 earnings base adopted in 1954 would have covered all the wages of about 56 percent of such workers. In 1957 only 43 percent had all their wages credited; about 56 percent would have received full credit under a \$4,800 base. An increase to \$4,800 would restore the situation which prevailed in 1954 and thus, in our opinion, would be a conservative adjustment to the rise in wages that has taken place.

D. IMPROVEMENTS IN DISABILITY PROTECTION

In 1955 your committee recommended that the insurance protection of the social security programs be extended to provide monthly benefits for insured workers who are no longer able to work because

of an extended total disability. This much-needed improvement in the protection provided under the national social security system was accomplished by the Social Security Amendments of 1956. The disability provisions that were decided upon at that time were purposely conservative in order to reduce to a minimum the problems that are inevitable in a new program of this kind. It was expected that, as experience under these provisions was gained, and as the soundness of the program was confirmed by this experience, necessary improvements would follow. Your committee believes that it is now time to take steps in the direction of improving the disability insurance program. In recognition of the favorable experience that has developed not only under the cash benefit provisions but also under the so-called disability freeze provisions that have been in effect since 1955, your committee is recommending a broadening of the protection now provided against the risk of extended, total disability. It is also recommending removal of certain provisions that have proved unnecessarily strict and, in some situations, have caused inequities.

All of the recommended improvements in the disability provisions of the program can be adequately financed from the contributions already earmarked for the Federal disability insurance trust fund.

(1) Benefits for dependents of disability insurance beneficiaries

Your committee believes that additional protection can and should be provided for the families of disabled workers. Present law provides monthly benefits for disabled workers who have attained age 50, but no provisions are made for the dependents of these people. This is a serious gap in the protection provided under the program and your committee believes it should be closed. Accordingly, we are recommending the provision of monthly benefits for the dependents of disability insurance beneficiaries. These benefits would parallel those now provided for the dependents of retired workers.

(2) Elimination of the disability benefits offset provision

Your committee is recommending also that the disability benefits offset provision of present law be eliminated. This provision requires that the monthly social security benefits payable to disabled workers (and those payable to persons disabled in childhood) be reduced by the amount of any periodic benefit payable on account of disability under other Federal programs (other than veteran's compensation) or a State workmen's compensation system. The application of this requirement has produced inequitable effects.

Your committee believes that disability benefits payable under the national social security system should be looked upon as providing the basic protection against loss of income due to disabling illness, and we have concluded that it is undesirable, and incompatible with the purposes of the program, to reduce these benefits on account of disability benefits that are payable under other programs.

(3) Retroactivity for applications for disability benefits and the disability freeze

Your committee is also recommending two changes in the disability provisions of the program that are designed to protect the benefit rights of disabled workers. To avoid penalizing disabled workers who do not file timely applications for disability benefits, the bill includes a provision under which these benefits, like old-age insurance benefits, may be payable retroactively for as many as 12 months before

the month in which the worker applies for them. For a similar reason—to assure that disabled workers who are eligible to preserve their benefit status through the present disability freeze provision are not precluded from doing so only because they fail to file timely applications for a disability freeze—the bill provides for a 3-year postponement of the present deadline, June 30, 1958, for filing fully retroactive disability freeze applications.

(4) Modifications in the work requirements for eligibility for disability protection

Under present law a disabled worker may fail to qualify for disability insurance benefits or a disability freeze only because he did not work in covered employment during the last year or two before his impairment developed into a total disability. A disabled worker in this unfortunate position is likely to be one who, because he has a progressive illness, is unemployed for quite a few months before his impairment meets the law's requirement of disability for all substantial gainful employment. Your committee would alleviate this problem by relaxing the present recency-of-work test. The work requirements for eligibility for disability benefits and for the disability freeze would be made identical—the worker would have to be fully insured and have about 5 years of covered work out of the last 10 years before his disability began.

In addition to the four major areas of improvements outlined above, the bill provides for less important but nevertheless significant changes in the old-age, survivors, and disability insurance program. These changes will clear up certain inequitable situations under present law, will improve family protection, will make it easier for certain groups to obtain coverage under the program, and will facilitate administration of the program. These changes are spelled out in more detail in parts II and III of this report.

In addition, the committee gave consideration to other problem areas in old-age, survivors, and disability insurance but did not find it possible to recommend solutions to these problems at this time. However, we are asking that further studies be made in three areas and that recommendations be made to the committee next year. These areas are (1) the provision of hospital and nursing home services for beneficiaries, (2) the coverage of tips, and (3) the retirement-test provisions of the program.

**E. STUDY OF HOSPITALIZATION INSURANCE FOR OLD-AGE, SURVIVORS,
AND DISABILITY BENEFICIARIES**

Your committee is very much aware of the problems faced by the aged in paying for hospital services and nursing home services. A number of bills introduced in the 85th Congress would broaden the old-age, survivors, and disability insurance program to provide for payment of the cost of hospitalization and nursing home services for beneficiaries under this program. In the recent public hearings that your committee held on social security, a number of witnesses testified on these proposals.

There was considerable testimony to the effect that, under existing arrangements, insurance against the costs of needed hospital and nursing home services is out of reach of many older people. There appears to be a need for making this protection available to older

people. Your committee believes, however, that more information on the practicability and the costs of providing this kind of protection through various methods should be available before it entertains any recommendation for legislation on the subject. A study of alternative ways of providing insurance against the cost of hospital and nursing home care for old-age, survivors, and disability insurance beneficiaries should be made.

The alternatives explored should include among other proposals: a prepayment plan under which persons would, during their working years, pay additional social-security contributions which would be used to buy this type of insurance (to take effect when the individual becomes an old-age, survivors, and disability insurance beneficiary) from private and nonprofit health insurance organizations; other methods of providing insurance against the cost of hospital and nursing home care under title II; and any other method which offers reasonable prospects for protecting old-age, survivors, and disability insurance beneficiaries against the cost of needed hospital and nursing home care. The study would include, for each of the several alternatives, an evaluation of (1) cost of the benefits and (2) administrative implications.

Your committee has asked the Secretary of Health, Education, and Welfare to conduct such a study and to report the results on or before February 1, 1959. With the results of such a study available, the Congress will be in a better position to decide what legislative measures, if any, should then be taken to meet the problem.

H. STUDY OF COVERAGE OF TIPS

Your committee gave serious consideration to the question of including in creditable wages the tips that are received by an employee directly from the customer even though the employer does not require an accounting. We are aware that because such tips are not now counted toward benefits a large number of employees have inadequate protection under the system. The average wages, without tips, of employees who customarily receive tips are relatively low; their benefits reflect only this level of earnings rather than the true level of their earnings from work.

There are, however, considerable difficulties in determining the amounts of tips to be counted and in securing reports of these amounts. Your committee considered plans relating to the problems involved, but was not able, in the time at its disposal, to satisfy itself that such plans would be workable on a national scale. We have asked the Department of Health, Education, and Welfare and the Department of the Treasury to give further study to this question with a view to submitting recommendations on the problem to the committee as early as possible.

I. STUDY OF THE RETIREMENT TEST

The committee has asked the Department of Health, Education, and Welfare to study certain aspects of the present test of retirement which seem to the committee to have questionable results. The present test is basically on an annual basis but under one of the provisions benefits are nevertheless paid for any month in which an individual earns \$80 or less (\$100 or less under the bill) and does not render sub-

stantial services in self-employment. Thus a person may have very high earnings in a single month and yet get benefits for the remaining 11 months in the year. We have asked the Department to consider possible changes in this provision.

In the meantime, your committee has determined that several minor modifications of the retirement test should be enacted to increase the equity of the test and to improve public understanding and administration. These are described in detail subsequently in this report.

The total cost of the benefit proposals included in the committee bill is 0.59 percent of payroll so far as the old-age and survivors insurance part of the program is concerned. The increased revenue to the program that would result from the changes in the tax schedule and in the maximum earnings base would amount to 0.91 percent of payroll. Thus there would be an excess of income over outgo resulting from the proposals in the bill of 0.32 percent of payroll on the level-premium basis. Since under present law it is estimated that the actuarial deficit in the program amounts to 0.57 percent of payroll the net result of the bill would be to place the program in a position where it had an estimated actuarial deficit of 0.25 percent. This very substantial improvement in the financial basis of the program brings the anticipated deficit well within the range that will permit the program to be considered actuarially sound.

Not only will the long-range financial picture be improved, but for the short range, too, the program will be more adequately financed. Under present law the OASI trust fund is expected to incur a deficit in every year from now until 1965. Under the committee bill, on the other hand, income will exceed outgo in every year from 1960 on for several decades, and even in 1959 the deficit will be substantially cut. Moreover, the ultimate combined tax rate—9 percent under the committee bill—will be reached in 1969 rather than in 1975, so that the time when the true cost of the program becomes apparent in current tax rates will be reached sooner and contributors will pay more nearly what the benefits are worth.

II. SUMMARY OF PRINCIPAL PROVISIONS OF THE BILL

A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS

1. Individuals now on the benefit rolls and all future beneficiaries would have their benefits increased by about 7 percent, more at the minimum, over the levels provided in the present law. The minimum increase in the benefit of a worker who retired at or after age 65 would be \$3. The average increase for workers now retired would be about \$4.75. The increased benefits would be effective for months after the second month following the month of enactment.

2. The dollar ceiling on the total of benefits payable to a family would be raised from \$200 to \$254, which is equivalent to twice the maximum retirement benefit payable.

3. The total annual earnings on which benefits could be computed (and on which contributions would be paid) would be raised from \$4,200 to \$4,800, effective January 1, 1959.

4. Benefits would be provided for the dependents of disabled workers like those now provided for the dependents of retired workers.

5. The provision that now requires payments under certain other disability benefit systems to be offset against social security disability

benefits would be repealed, so that a person eligible for a social security disability benefit and also for disability benefit under another system would receive the full amount of his social security benefit.

6. The work requirements that a disabled worker must meet to be eligible for cash disability benefits, and to have his benefit rights frozen while he is disabled, would be changed to make it easier for a disabled worker whose disability has a gradual onset to qualify. Under the bill, the worker would no longer be required to have had 6 quarters of coverage out of the 13 calendar quarters before he became disabled. (He would be required to be fully insured and to have 20 quarters of coverage out of the 40 calendar quarters before he became disabled.)

7. Disability insurance benefits (like all other benefits now provided) would be paid for as much as 12 months before the month in which an application for the benefits is filed. Present law contains no provision for retroactive disability insurance payments.

8. The June 30, 1958, deadline for filing fully retroactive applications for the disability freeze would be postponed for 3 years.

9. The law would be changed to provide that a person will not lose a benefit under the retirement test for any month in which he has earned wages of \$100 or less, rather than \$80 or less as under present law.

10. Where earnings exceed the amount allowed under the retirement test without loss of benefits, the excess earnings would be charged to months beginning with the first month of the year. Under present law the excess is charged to months in reverse order beginning with the end of the year. The change means that where an individual's or a family's benefits are increased during a year, the benefits suspended by reason of earnings will be the smaller ones that were payable for the early months of the year.

11. The law would be changed to provide that where a person over age 18 is the child of a deceased or retired insured worker and has been disabled since before age 18, benefits would, in general, be paid to the child without requiring the proof required under present law that he has been dependent upon the worker for his support. The change would make the requirement for the disabled adult child the same as for the child under age 18.

12. Benefits would be provided for the dependent parent of a deceased worker even though there is a widow or child of the worker who is or may become eligible for benefits. Under present law a parent can qualify only if there is no such widow or child.

13. A lump sum would be paid to the widow of a deceased worker only if she was living in the same household with him or has paid his burial expenses.

14. Benefits would be paid to a child if the child had been living in the worker's household, if the child had not been supported by anyone else, and if he was adopted by the widow of a worker within 2 years after the worker died.

15. Benefits would be paid to the mother of a child if the child had been adopted by the mother's deceased husband even though they had not been married for as long as a year.

16. Benefits would be paid to the adopted child of a retired worker even though the child had not been adopted for as long as 3 years.

17. Where a survivor of a deceased worker was (or might at retirement age become) eligible for benefits based on the worker's earnings

but loses eligibility by remarriage, the survivor could become eligible, immediately or upon attainment of retirement age, for benefits on her second husband's earnings record.

18. Where two secondary beneficiaries age 18 or over marry each other, for example, the dependent parent of one worker and the widow of another, the payment of benefits to both beneficiaries would be continued. Under present law, both lose benefits. Childhood disability benefits would be continued when the person receiving them marries a person receiving old-age or disability benefits.

19. Changes would be made in the coverage provisions of the program: (1) to facilitate coverage of certain State and local government employees who are in positions covered by a retirement system; (2) to facilitate coverage of employees of certain nonprofit organizations; (3) to extend coverage to turpentine workers; (4) to provide social security credits for earnings which a person has from a partnership during the year of his death; and (5) to provide that social security wage credits of \$160 will be credited for each month of service performed during World War II by American citizens in the armed forces of certain countries which fought against our enemies in that war.

20. Several changes in technical provisions would be made to facilitate administration of the program.

21. The tax rates now scheduled in the law would be increased by one-fourth of 1 percent each for employees and employers, and three-eighths of 1 percent for the self-employed, above the rates now scheduled, and the scheduled increases in the rates would take place every 3 years instead of every 5 years. The revised schedule would be as follows:

[Percent]

	Employers	Employees	Self-employed
1959.....	2½	2½	3¼
1960-62.....	3	3	4½
1963-65.....	3½	3½	5¼
1966-68.....	4	4	6
1969 and thereafter.....	4½	4½	6¾

B. PUBLIC ASSISTANCE PROVISIONS

The bill provides a new formula for Federal participation in public assistance providing additional funds to all States and maximum flexibility in meeting medical care needs and other special needs. The formula also recognizes the limited fiscal capacity of the lower income States.

It extends the public assistance program to Guam, increases the Federal fund limitations for Puerto Rico and the Virgin Islands, and extends for 2 years a special provision applying to blind programs in Missouri and Pennsylvania.

C. MATERNAL AND CHILD WELFARE PROVISIONS

Authorizations are increased: for maternal and child health from \$16.5 million to \$21.5 million, for crippled children's services from \$15 million to \$20 million, and child welfare services from \$12 million to \$17 million.

In the child welfare services program existing differences in treatment of urban and rural children are eliminated and appropriate allotment and matching provisions are included.

All three programs are extended to Guam.

III. DISCUSSION OF OLD AGE, SURVIVORS, AND DISABILITY PROVISIONS

A. INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

(1) *General*

During the social security hearings your committee received testimony relating to the level of old-age, survivors, and disability insurance benefits. Your committee's bill would raise the level of benefit payments to reflect changes in the economy and to assist in providing a more adequate basic protection for beneficiaries.

(2) *Increase in benefit amounts*

The bill would provide for an increase of about 7 percent over the levels provided in the present law, with a minimum increase of \$3 in the benefits payable to a retired worker who came on the rolls at or after age 65. Proportionate but slightly smaller increases, due to the actuarial reduction, would be received by women workers who elected to retire before age 65.

For retired workers now on the benefit rolls, monthly payments would range from \$33 to \$118, as compared with \$30 to \$108.50 under present law. For those coming on the rolls in the future, the range of benefit payments, taking into account the increased earnings base, would be from \$33 to \$127, although it will be many years before anyone will be able to get the maximum amount.

(3) *Family benefits*

The bill would make a change in the maximum amount of monthly benefits payable to a family on the basis of an insured worker's earnings record. The bill would raise the present \$200 per month limitation on family benefits to \$254—an amount equal to twice the maximum benefit provided by the bill for a retired worker. The minimum benefit payable where there is only one survivor beneficiary would be increased from \$30 to \$33.

(4) *Benefit table to replace formulas and conversion table*

The bill would provide for a consolidated benefit table to be used in determining benefit amounts both with respect to future beneficiaries and those now on the benefit rolls. This benefit table would replace the formulas and table now in the law. It is believed to constitute an improvement in the method of determining benefit amounts by making it easier for covered workers and beneficiaries to determine what benefits they are entitled to, and by simplifying the benefit-computation process.

In essence, this benefit table is based on the 1954 act benefit formula increased by 7 percent. The table, however, yields slightly higher benefits for very low average wages so as to reflect a minimum increase of \$3. Amounts for retired workers have, in general, been rounded to the nearest dollar.

B. EARNINGS BASE

Under your committee's bill the maximum amount of annual covered earnings counted for tax and benefit purposes would be raised from \$4,200 to \$4,800, effective January 1, 1959. This change gives recognition to the principle that benefit levels should reflect varying levels of individual earnings. The American social-insurance system, in relating benefits to prior earnings, rests on the principle that conditions of individual security and individual incentive require a relationship between benefits and previous standards of living. Unless the earnings base is adjusted as earnings rise, practically all regular full-time workers may in time be earning more than the current base, and their benefits will bear little relationship to their previous living standards.

C. BENEFITS FOR DEPENDENTS OF DISABILITY INSURANCE BENEFICIARIES

Under present law, benefits are provided for dependents of an insured worker who dies or becomes entitled to retirement benefits, but no provision is made for benefits for dependents of an insured worker who becomes entitled to disability insurance benefits.

Your committee's bill would provide for the payment of monthly benefits to the dependents of persons receiving disability insurance benefits. The categories of dependents eligible for these benefits would parallel those eligible for benefits as dependents of old-age insurance beneficiaries—namely, wives and dependent husbands who have reached retirement age; unmarried dependent children (including sons or daughters disabled in childhood); and wives who have an eligible child in their care.

The monthly benefits payable to dependents of disabled workers would be subject to the same conditions as are applicable to the dependents of old-age insurance beneficiaries, except that, in addition, the proposed dependents benefits would be suspended if the disabled worker refused, without good cause, to accept vocational rehabilitation.

Under the bill it is estimated that about 180,000 dependents of workers eligible for disability insurance benefits could become eligible for these monthly benefits beginning with the first month after the month in which the bill is enacted.

In providing monthly benefits for the dependents of workers entitled to disability insurance benefits, your committee has given recognition to the problems confronting families whose breadwinners have been forced to stop work because of total disability. The benefit amount payable to the disabled worker under the present disability insurance provisions does not provide adequate protection for his family. The needs of the family of a disability insurance beneficiary are as great as, or greater than, the needs of the family of an old-age insurance beneficiary. Although the wife of a disability insurance beneficiary will usually be younger than the wife of a person receiving retirement benefits (and so might be presumed more able to work and help support the family), the dependent children of the disability insurance beneficiary are also younger, making it desirable that the mother remain in the home. It is reasonable to assume, also, that in a great many cases the care which the disabled person requires makes

it difficult, if not impossible, for his wife to increase the family income by working. In addition, a person receiving disability insurance benefits frequently has high medical expenses.

The provision recommended by your committee would close a serious gap in the disability insurance protection now provided under the social security program and can be adequately financed from the funds which will flow from social security taxes already provided and earmarked for the Federal disability insurance trust fund.

D. OTHER IMPROVEMENTS IN THE DISABILITY PROVISIONS

(1) *Elimination of disability benefits offset provision*

Your committee has given further consideration and study to the disability insurance benefit offset provision, under which the social security disability insurance benefits are reduced by the amount of any periodic benefit payable to an individual on account of disability under certain other Federal programs or under State workmen's compensation laws. This offset provision was included in the law at the time that the provisions for social security disability benefits were enacted to prevent duplication between the new social security disability benefits and other disability payments pending the development of administrative experience under the new program.

In the light of experience in the operation of the offset provision, your committee has concluded that it can now be eliminated. Experience with the social security disability provisions indicates that the danger that duplication of disability benefits might produce undesirable results is not of sufficient importance to justify reduction of the social security disability benefits. The bill therefore provides for the elimination of this offset provision.

(2) *Retroactive payment of disability insurance benefits*

Under present law, old-age and survivors insurance benefits may be paid for as many as 12 months before the month in which application is filed. Disability insurance benefits, however, may not be paid retroactively except in the case of applications for such benefits that were filed before January 1, 1958. Your committee's bill would remove this difference by providing that disability insurance benefits also would be payable for as many as 12 months before application is filed, provided the applicant meets all other conditions for eligibility for benefits for such prior months.

Because of your committee's concern about possible loss of disability insurance benefits by disabled workers who fail to make timely application, the Department of Health, Education, and Welfare was asked to make a study of applications for disability insurance benefits filed after December 1957, and to report on the extent of loss of benefits suffered by disabled persons due to delay in filing application. The Department has advised your committee that a significant proportion of disabled persons applying for disability insurance benefits this year have failed to make timely applications and as a result have lost benefits for 1 or more months. The Department recommended enactment of a provision to meet this problem.

In the opinion of your committee, it is reasonable to expect that, in the absence of a provision under which applications for disability insurance benefits may have a retroactive effect, loss of disability

insurance benefits due to delays in claiming them will be a continuing problem. The bill therefore would provide that applicants for disability insurance benefits be allowed the same 12-month period in which to file application without incurring loss of benefits as is allowed applicants for old-age and survivors insurance benefits under present law.

(3) Modification of work requirement for eligibility for disability protection

Under present law, to qualify for disability insurance benefits a disabled worker must meet three requirements insofar as his work under the old-age, survivors, and disability insurance program is concerned. He must be fully insured; he must be currently insured, which means that he must have at least 6 quarters of coverage (about 1½ years of work) in the period of 13 calendar quarters ending with the quarter in which he became disabled; and he must have a total of 20 quarters of coverage (about 5 years of work) out of the 40 calendar quarters ending with the quarter in which he became disabled. At present the work requirements for a disability freeze differ from those for monthly disability insurance benefits in that fully insured status is not required for the freeze.

It has come to your committee's attention that a substantial number of persons who have worked regularly and for long periods in employment or self-employment covered under the old-age, survivors, and disability program are not able to meet the work requirements for disability protection. Your committee's bill would delete the provisions of present law which require that a worker be currently insured in order to be eligible for disability benefits or for the disability freeze and would make the work requirements for disability-insurance benefits and the disability freeze alike by adding fully insured status as a requirement for eligibility for the disability freeze.

It is estimated that a result of the changed work requirements about 35,000 persons who cannot qualify for disability-insurance benefits under present law could, upon filing applications, become immediately eligible for benefits, and that, in addition, about 15,000 persons could qualify immediately for a disability freeze.

Under a program which provides protection against loss of earnings on account of disability, it is reasonable and desirable that there be reliable means of limiting such protection to those persons who have had sufficiently long and sufficiently recent covered employment to indicate that they probably have been dependent upon their earnings. It was to meet this purpose that the disability work requirements were designed, and, in most cases, the present work requirements produce results in accordance with this purpose. Experience under the program has indicated that the currently insured status requirement has operated to deny disability protection in some cases in which there is no doubt that a worker's earnings have been cut off as a result of disability. A large number of disabled workers fail to meet the currently insured status requirement even though they have worked for substantial periods in covered employment or self-employment and have normally been dependent upon their earnings. In many instances, these are persons whose work was interrupted by a progressive illness and who at the onset of this impairment met the work requirements for disability protection. It is not uncommon that an

impairment which is not severe enough to meet the definition of disability in the law causes a worker to be absent from work for extended periods. The result is that by the time the impairment becomes serious enough to meet the definition of disability, the worker has lost his currently insured status.

Your committee's bill would provide for the elimination of the currently insured eligibility requirement for disability protection.

Beginning in July 1961, it will be possible for a worker who has qualified for the disability freeze under the present provisions to fail to qualify for either disability insurance benefits at age 50 or old-age insurance benefits at age 65 because he may not be fully insured. There will be instances, too, where dependents or survivors benefits will not be payable even though the worker had been allowed a disability freeze. The addition of the fully insured status requirement for the disability freeze will remove the anomalous situation wherein a period of disability may be established for a worker who cannot later qualify for benefits, whose dependents cannot qualify if he lives to retirement age, or whose survivors may not qualify if he dies.

The requirement of 20 quarters of coverage out of the 40 calendar quarters ending with the quarter of disablement, together with the fully insured status requirement, should provide reasonable and adequate assurance that the protection afforded by the disability provisions will be keyed to loss of earnings on account of disability.

(4) Extension of the period for filing disability freeze applications that are fully retroactive

Under the disability freeze provision of present law, an individual's social security earnings record can be frozen during a period of extended total disability so that his inability to work during such period of disability will not result in a reduction in, or loss of, his old-age, survivors, and disability insurance entitlement. Under present law, applications for the disability insurance freeze that were filed before July 1, 1958, were fully retroactive—to the actual beginning date of the individual's disability in most instances—thus enabling applicants to preserve their rights under the program even though they had been disabled for a number of years. In the case of applications for the freeze that are filed after June 30, 1958, however, an applicant's period of disability cannot be determined to have begun more than 1 year before the date his application is filed. As a consequence, persons with longstanding disabilities whose applications are filed after June 30, 1958, are likely to be ineligible for the disability freeze and thus are exposed to loss of all protection under the program.

Your committee's bill would postpone through June 30, 1961, the June 30, 1958, deadline for filing applications for the disability freeze that are fully retroactive. As a result of this change, it is estimated that about 30,000 additional disabled workers could, upon filing application, become immediately eligible for disability insurance benefits; and an additional 10,000 could become immediately eligible for a disability freeze.

Your committee's bill would also provide that in the case of applications for the freeze that are filed after June 30, 1961, an applicant's period of disability cannot be determined to have begun more than 18 months before application is filed.

E. IMPROVEMENT OF THE RETIREMENT TEST

Monthly benefits under the old-age, survivors, and disability insurance system are paid upon the retirement, disability, or death of the family earner. The law has always contained a "retirement test" provision designed to assure that, so far as possible, benefits are paid only to those among the aged who are substantially retired and to dependents and survivors who do not have substantial income from work.

Your committee received considerable testimony on this subject. The committee believes this principle should be maintained. If the retirement test were eliminated or materially liberalized, not only would the cost of the program be substantially increased, but the increased cost would go to pay benefits to people who are working and earning substantial incomes. Your committee was informed that the elimination of the retirement test would place an added long-range cost of \$2.9 billion per year.

Your committee has determined that several minor modifications of the retirement test should be enacted to improve public understanding and administration of the test.

(1) *Change from \$80 to \$100 amount of wages used in determining whether benefits must be withheld for a month*

Under present law, when beneficiaries earn more than \$1,200 in a year, benefits may be withheld for months in which wages exceed \$80. This provision is very difficult for beneficiaries to understand because it does not seem to be consistent with the \$1,200 exempt amount, which is often interpreted as meaning \$100 per month. Increasing the \$80 figure to \$100 would facilitate administration by improving public understanding and acceptance of the test. It would also eliminate hardships to beneficiaries who lose benefits because they misunderstand the present test.

(2) *Change the order in which excess earnings are allocated to the months of the year*

Under the present law, any earnings in excess of the \$1,200 annual exempt amount are divided into units of \$80 and the units are charged to months beginning with the last month of the taxable year and then to the remaining months of the year, working backward, for the purpose of determining which monthly benefit checks must be withheld under the retirement test. The committee bill reverses the order of charging excess earnings to months so that the \$80 units are charged to months starting with the first month of the taxable year and working forward. This provision will alleviate the problems relating to the present order of charging excess earnings. In many cases the wife of a beneficiary attains the qualifying age and comes on the rolls during a year in which the husband is on the rolls for the entire year. If, in such cases, the husband has excess earnings, the wife may lose some or even all of her benefit payments because the excess earnings are allocated starting with the last month of the year. Also, where benefits are recomputed or otherwise increased during the year the present method of allocating excess earnings operates to the disadvantages of beneficiaries.

(3) *Filing of annual report*

Present law requires all beneficiaries under age 72 to make a report of earnings if they earn over the exempt amount. Your committee's bill would modify this requirement so that a beneficiary who receives no benefits for the year because he has already notified the Bureau of Old-Age and Survivors Insurance that he expected to earn over the exempt amount would not have to file another report at the end of the year.

F. DEPENDENTS' BENEFITS

(1) *Dependency of a disabled child*

Under present law, a disabled child who is 18 or over at the time he applies for child's insurance benefits is required to show that he is receiving at least one-half of his support from his parent, or that he was receiving at least one-half of his support from the parent at the time the parent died. On the other hand, a child who is under 18 when he applies for benefits is generally assumed to have been dependent on his father (and on his mother if she has had a significant amount of recent work). Your committee believes that the older child who has been totally disabled since before age 18 is also likely to be dependent on his parent. Under the committee bill, disabled children who are 18 or over would be deemed dependent on their parents just as younger children are.

(2) *Payment of parent's benefits where a widow or child survives*

The existence of a widow or child actually or potentially entitled to monthly benefits now prevents the payment of monthly benefits to the dependent parent of a deceased worker. This bar operates even if the potentially entitled wife or child never becomes entitled to benefits. The situation has been aggravated by the fact that the 1957 amendments made possible the payment of benefits to a widow who was not living with her husband at the time of his death, so that the existence of a widow who was not living with the worker now prevents payment of benefits to a parent who was living with and dependent on the worker at the time of his death. Your committee's bill would remove this restriction.

(3) *Benefits for an adopted child after the worker's death*

An adoptable child living as a member of a worker's family and supported by him is, from the point of view of the purposes of the social security program, the same as the worker's own child. If after the worker's death the surviving spouse adopts the child, the child should, for purposes of receiving child's insurance benefits, be treated as an adopted child of the deceased worker. The committee bill provides for payment of benefits to a child in such cases if at the time of the worker's death the child was a member of the worker's household, if the child was not being supported by any other person, and if the worker's spouse adopts the child within 2 years after the worker dies.

(4) *Removal of 3-year requirement for a child adopted by a retired worker*

Present law requires that the adopted child of a retired worker must have been adopted for at least 3 years before becoming eligible for child's insurance benefits. This provision was intended to provide protection against abuses through adoptions undertaken to secure

rights to benefits. Adoptions are subject to approval by the courts of the various States, and it does not seem that benefits should be denied to all adopted children in order to prevent a rare case of abuse. Your committee's bill would make benefits payable to an adopted child immediately after adoption.

(5) *Elimination of duration of marriage requirement where a child has been adopted by the deceased worker*

In order to eliminate an anomalous situation where a child can qualify for benefits but his mother who is caring for him cannot, the bill would provide that where a child of a surviving spouse had been adopted by the deceased worker, the surviving spouse can qualify for mother's, widow's, or widower's benefits even if married to the deceased worker for less than a year.

(6) *Elimination of duration of marriage requirements where a potential secondary beneficiary marries*

Under present law, the benefit rights of a dependent or secondary beneficiary are terminated if the dependent marries and yet the dependent cannot qualify for benefits on the new spouse's earnings record until the marriage has lasted for some time. Where, for example the dependent has reached retirement age and marries an old-age beneficiary, the dependent cannot qualify for benefits on the basis of the new spouse's earnings until after 3 years, or until after 1 year if the new spouse should die. Your committee believes that when a person who has rights to a dependent's benefit marries and the rights to the previous benefit are terminated, there should be no delay in permitting the person to qualify as a dependent of the new spouse for a benefit based on the new spouse's earnings record. The bill would remove the duration-of-marriage requirements for husband's, wife's, widow's, and widower's benefits if at the time of the marriage the person was or could have become entitled to a dependent's benefit.

(7) *Provision that marriage will not terminate benefits in certain situations*

When a secondary beneficiary marries, such person's benefit is terminated under present law. If he marries a person who is or who will become entitled to an old-age insurance benefit, he may qualify for a new benefit based on the earnings of the new spouse. But if the new spouse is also receiving a secondary benefit, the benefits of both are terminated and ordinarily neither beneficiary can become entitled to any new benefits. Your committee's bill would eliminate the hardship in these cases by providing that marriage would not terminate a benefit where a person receiving mother's, widow's, widower's, parent's, or childhood disability benefits marries a person receiving any of these benefits or where a person receiving mother's or childhood disability benefits marries a person entitled to old-age insurance benefits.

(8) *Reinstatement of rights to mother's insurance benefits*

Your committee's bill would reinstate rights to mother's insurance benefits which were terminated by remarriage if the new husband dies before the marriage has lasted long enough for the wife to qualify as his widow.

G. COVERAGE

(1) Employment for nonprofit organization

Under present law when two-thirds of the employees of a religious, charitable, or other nonprofit organization desire coverage under the OASDI program and the organization files a certificate waiving its tax-exempt status, coverage may be effective on the first day of the calendar quarter in which the certificate is filed, or the first day of the succeeding calendar quarter. Your committee has found that, because of a number of circumstances, some nonprofit organizations find it difficult to file the certificate promptly. Since present law makes no allowance for reasonable delays in filing waiver certificates, and since coverage can be effective no earlier than the quarter in which a certificate is filed, employees of these organizations are deprived of coverage for a period of time.

Your committee therefore recommends that provision be made for a reasonable period of retroactive coverage. The bill includes a provision under which organizations filing certificates after the enactment date of the bill and prior to 1960 could choose to be covered as of the beginning of 1956. In addition to this temporary provision for coverage retroactive to the beginning of 1956, your committee's bill includes a permanent provision under which coverage could be retroactive for 1 year before the certificate is filed.

Coverage would also be made possible under your committee's bill for employees of certain nonprofit organizations which under present law cannot secure the necessary concurrence of two-thirds of their employees because some of their employees are covered by a public retirement system and do not desire social-security coverage. For social-security coverage purposes, the employees of a nonprofit organization who are members of such a retirement system will be treated as a group separate from the employees who are not members.

The bill also includes minor technical changes in present law to provide that, under certain circumstances in addition to those already specified in the law, social-security tax returns filed by a nonprofit organization before it filed a waiver certificate could establish social-security credits for the employees reported on those returns if the wages reported were for services performed before August 1, 1956.

(2) Retroactive coverage for certain employees of State and local governments

Under the present provisions of the Social Security Act, employment occurring before the execution of a State-Federal coverage agreement may, within limits specified in the law and at the option of the State, be credited under old-age, survivors, and disability insurance. This retroactive coverage is available only for individuals who are still employees on the date the agreement providing coverage is approved by the Secretary of Health, Education, and Welfare. Your committee's bill would permit States to provide retroactive coverage, within the general time limits applying to State and local employment, for individuals who are employees on any date specified by a State which is (1) not earlier than the date the State submits its agreement or modification to the Secretary of Health, Education, and Welfare and (2) not later than the date the agreement is executed by the Secretary. If an individual is in the employ of the State or local government

on the date specified by the State he would be covered for whatever retroactive period is provided for the group of which he is a member, even though his employment is terminated before the agreement is executed.

This provision would help to prevent hardships which can occur under present law in cases where an individual leaves the employ of a State or locality—because of death, a change of jobs, retirement, or for some other reason—during the period when a coverage agreement between the State and the Secretary of Health, Education, and Welfare is in the process of being negotiated or executed. At present, due to the time that may elapse during this period of negotiation, employees who had reason to expect they would get social-security coverage but whose employment is terminated before the agreement is executed lose the coverage that would otherwise have been provided. In some such situations, because of this loss of coverage, the employee has been unable to qualify for old-age insurance benefits when he retired. In other instances, the employee has died and his family has not been able to qualify for survivors benefits.

(3) Addition of Massachusetts to the States which may provide coverage through division of retirement systems

The Social Security Amendments of 1956 included a provision permitting eight States (Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, and Wisconsin) and the Territory of Hawaii to divide their retirement systems into two parts so as to obtain old-age, survivors, and disability insurance coverage, under the States' coverage agreements with the Department of Health, Education, and Welfare, for only those States and local government employees who desire such coverage, provided all future entrants into the retirement system are covered under old-age, survivors, and disability insurance. In 1957 this provision was extended to four additional States (California, Connecticut, Minnesota, and Rhode Island) and to all interstate instrumentalities.

Your committee's bill would extend this provision to the State of Massachusetts, which has expressly requested such extension.

(4) Facilitating coverage under the provisions for division of State and local government retirement systems

The bill would make two changes which would facilitate coverage of certain retirement system members under the provision permitting specified States to extend coverage to only those members who desire such coverage, provided all persons who later become members are covered. Under one of the changes, those persons not originally choosing coverage would have an additional opportunity to elect such coverage. The other change would provide for the coverage under this provision of persons who have an option to join a State or local retirement system but have not exercised that option.

Under present law, when a State or local government retirement system is divided to provide social-security coverage for those members who want coverage, the members who fail to choose coverage do not get a second chance to obtain it. Your committee believes that there is a need for legislation which would allow individuals not initially in the group desiring coverage to have a limited additional period of time to consider, or reconsider, whether they wish to come under old-age, survivors, and disability insurance. Problems have

arisen in some instances because individuals who would have expressed a desire for coverage if they had an opportunity to do so did not have this opportunity for various reasons, such as absence from work because of illness. In other cases, persons who indicated that they did not desire social-security coverage later changed their minds. Your committee's bill would afford an additional opportunity for obtaining social-security coverage to individuals who were included in the group of persons not desiring coverage. Under the bill, a State would be permitted to modify its coverage agreement with the Department of Health, Education, and Welfare at any time before 1960, or, if later, within 1 year after coverage is approved for the group in question, to transfer these people to the group desiring coverage. Such a transfer would be made only in the case of individuals who filed a request with the State before the date of approval by the Secretary of the modification proposing the transfer.

Under present law, only persons who are actually members of a State or local government retirement system may obtain coverage under the provision permitting specified States to provide coverage for only the members who want coverage. Your committee's bill would provide for the coverage under this provision of individuals who have an option to join the State or local system but who have not joined. Under the bill, when coverage is provided under the divided retirement system procedure by means of a coverage action that is approved after 1959, the State would be required to treat individuals having an option to join the State or local system in the same manner as members of the system. Thus, the State would be required to give these persons the same opportunity to obtain social-security coverage as is given to members, and all persons who later become eligible to join the State or local system would automatically be covered under social security, just as new members are covered.

The coverage under the divided-retirement-system provision of persons who have not exercised their option to join a system would be at the discretion of the State in the case of coverage actions that are completed before 1960. In the case of coverage actions which have already been completed, such persons could be covered under the provision of the bill which would afford individuals a second chance to join the group of persons desiring social-security coverage.

(5) Facilitate social security coverage of persons in positions under more than one retirement system

Under present law, State and local government employees in positions under retirement systems may be covered under old-age, survivors, and disability insurance only upon a favorable referendum vote by the members, or under the provisions which permit specified States to cover only those members of a system who desire coverage, provided all future members are covered. A person in a position covered under more than one State or local retirement system cannot be brought under social security unless all of the State and local retirement systems under which his position is covered take action to come under social security. Even if this action is taken, there are some circumstances under which he cannot be brought under social security. Moreover, a person who is a member of one State and local retirement system and, though not a member, has the option of joining another such system cannot be brought under social security in the absence of action by both systems.

As a result of the present restriction, it is often difficult for persons in positions covered by more than one State or local retirement system to gain old-age, survivors, and disability insurance protection even when a retirement system group of which they are members comes under the program. Your committee's bill would permit these people to come under social security with a retirement-system coverage group without regard to what action, if any, the other retirement system that covers their positions takes on social security coverage. However, this provision would not apply to individuals who, on the date the State's coverage agreement is made applicable to a retirement system, are not actually members of such system (though their positions are covered by the system) and are members of another system; nor would the provision apply to persons in policemen's and firemen's positions in States where persons in such positions cannot be covered. The proposed change would be optional for the States with respect to retirement systems covered before 1959; beginning in 1959, States would be required to apply the changed procedure when they extend coverage to retirement system groups.

(6) *Policemen and firemen under retirement systems employed by interstate instrumentalities*

The Social Security Amendments of 1954, which made old-age and survivors insurance coverage available to most members of State or local government retirement systems, continued to exclude from coverage under the program persons in policemen's and firemen's positions covered by a State or local retirement system. This exclusion applied to policemen and firemen employed by interstate instrumentalities, as well as to those employed by States or localities. The Social Security Amendments of 1956 and 1957 made coverage available for persons in such positions in 10 specified States (Florida, North Carolina, Oregon, South Carolina, South Dakota, Alabama, Georgia, Maryland, New York, Tennessee), and the Territory of Hawaii.

Your committee's bill would make coverage available to policemen and firemen who are employed by an instrumentality of two or more States and who are under a retirement system of such instrumentality, or of any State or subdivision thereof. This coverage would be available on the same basis as in the States in which coverage for policemen and firemen is now available. Your committee believes that existing law provides adequate assurance that old-age, survivors, and disability insurance coverage will be extended under this provision only to groups of policemen or firemen who want such coverage.

(7) *Coverage of sick-leave payments to State and local government employees*

Under present law most State and local sick-leave payments are wages until the employee reaches retirement age, but are excluded from wages after retirement age if the employee did not work during the pay period.

Since most State and local governments do not give different treatment to wage payments to employees after the employees reach a specific age, their payroll records do not show the employee's age; and since sick-leave payments are treated like other wage payments the records do not show whether the employee was on sick leave during the pay period. A number of the State officials administering

old-age and survivors insurance coverage agreements have indicated that, as a result, they find it difficult to comply with the present requirement that they exclude from their wage reports certain sick-leave payments to employees who have reached retirement age.

H. R. 8599, which was passed by the House in 1957, would correct this situation; however, it also affected standby and other payments to such employees for periods during which the employees rendered no service. Your committee now feels that the treatment of these latter payments should not be changed without further study. The committee bill would correct the situation with respect to State and local government sick-leave payments and would leave the other payments unchanged. Under its provisions sick-leave payments made for periods during which the employee rendered no services would be treated the same for employees past retirement age as they are for the great majority of employees, who, of course, have not reached retirement age.

(8) Turpentine workers

The bill would extend coverage to work performed in the production of turpentine and gum naval stores. These workers would be covered under the provision applicable to other agricultural workers. Many of the people in this group are employed only temporarily or seasonally in the production of turpentine and gum naval stores so that they are likely to have already earned credits under the social security program in other work. Even those workers covered for the first time will, after a relatively short period of regular covered work, acquire survivors protection for their families, and after a somewhat longer period of covered work will acquire retirement and disability protection under the program.

(9) Coverage of partnership earnings in the year of partner's death

As a result of a change made in the Internal Revenue Code of 1954, a member of a partnership cannot get social security credit for his earnings from the partnership in the year of his death. Your committee's bill provides that a deceased partner's distributive share of partnership income shall be included for social security purposes in computing his net earnings from self-employment for the year of his death. The distributive share of a partner who dies after the date of enactment of the bill would be, for social security purposes, mandatorily included in his net earnings from self-employment. The distributive share of a partner who died after 1955 and on or before the date of enactment may be so included upon the filing of an amended social security tax return. Although this amendment affects only a small number of people, it corrects an inequity in present law. The amendment will enable some farm operators, lawyers, and others who were brought under the program under the 1954 and 1956 amendments to acquire an insured status which they would otherwise be unable to attain. In the future the amendment will, in some cases, provide needed social security credits for persons who die while members of a partnership.

(10) Social security credits for certain American citizens who served in the armed forces of allied countries

Under present law, to assure that veterans who served in the Armed Forces of the United States have approximately the same

status under old-age, survivors, and disability insurance as they might have had if military service had not interfered with their employment, wage credits of \$160 are provided for each month of their active service in the Armed Forces of the United States during World War II and the post-World War II period. Your committee's bill would make comparable provision for American citizens who served in the armed forces of countries which fought with the United States against our enemies during the World War II period from September 16, 1940, to July 24, 1947.

Before the United States entered World War II a number of Americans joined the armed forces of countries traditionally friendly with the United States. These citizens either left employment covered by social security to enter service abroad or probably would have worked in covered employment had they not entered military service. Your committee is concerned that they may have a gap in their social security coverage because of service with our allies during the time of war.

Your committee's bill provides safeguards to assure that the military service wage credits will be given only to persons who could reasonably have been expected to be in covered employment had they not been in service. The wage credits would be provided only for American citizens who entered into service in the armed forces of a foreign country before the United States entered World War II, provided the foreign country was, on September 16, 1940, at war with a country which became an enemy of the United States during World War II.

H. MISCELLANEOUS PROVISIONS

(1) Change in eligibility requirement for the lump-sum death payment

Under present law, to qualify for the lump-sum death payment a spouse must have been "living with" the worker. The "living with" requirement is met if the spouse was living in the household with the worker or receiving contributions from him, or if the worker was under a court order to contribute to the spouse's support. Your committee's bill would change the requirement to one that the spouse must have been living in the same household with the worker. Your committee believes that since the purpose of the lump-sum death payment is to help with the expenses incidental to the death of the worker, it is appropriate for the payment to be made only to the spouse who was actually living in the same household with the worker since it can be assumed that she will take responsibility for those expenses. The widow who meets the requirement because her husband was contributing to her support, or because he was under court order to do so, cannot be presumed to have assumed the expenses incident to her husband's death. The spouse who was not living in the same household with the worker may receive the lump-sum death payment if she actually did pay the worker's burial expenses.

(2) Authorization to charge for certain services provided by the Bureau of Old-Age and Survivors Insurance

The law now authorizes the Bureau of Old-Age and Survivors Insurance to charge for furnishing information, but not for services, for purposes not directly related to the administration of the old-age and survivors insurance program. Your committee's bill would

provide an authorization for the Bureau to charge for service, such as forwarding letters to account numbers holders for health research purposes, which are unrelated to the program and therefore could not properly be provided at the expense of the trust funds, and provides for the charges to be deposited in the trust funds.

(3) Description of offenses that constitute fraud

The present provision in the law prescribing penalties for fraudulent actions does not take into account the major amendments adopted in 1954 and 1956, such as the amendments relating to disability and the application of the earnings test to noncovered work. The bill would make the penalty provision applicable in connection with willful failure to disclose information, as well as with respect to positive actions, in connection with uncovered as well as covered earnings, and in connection with suspensions, terminations, and misuse of benefits, and disability determinations, as well as applications for benefits.

(4) Remove requirement in the law that attorney representing claimant before the Secretary file with the Secretary a certificate of his right to practice before a court

Under present law only a qualified attorney may represent claimants. The attorney must file with the Secretary a certificate, from the presiding judge or clerk of a court before which he is admitted to practice, of his right to practice before that court. It is the opinion of your committee that, inasmuch as a person who misrepresents himself as an attorney is subject to penalties outside the provisions of the Social Security Act, this provision should be eliminated. The committee bill provides statutory authority for the Secretary no longer to require the filing of a certificate by an attorney and would conform to longstanding administrative practice in other fields.

I. INCREASES IN CONTRIBUTION RATES

As indicated, your committee believes that the actuarial status of the old-age and survivors insurance part of the program needs to be strengthened in part by providing that the ultimate tax rates should go into effect sooner than scheduled in present law. Accordingly, the committee bill increases the scheduled contribution rates on earnings paid by employers and employees by one-fourth percent above the rates now scheduled, with a corresponding increase for the self-employed, and provides that the future increases in the tax rate shall take place at 3-year, rather than 5-year intervals. The new schedule would be as follows:

Years	Rate for employee and employer	Rate for self employed
	Percent	Percent
1959.....	2½	3¾
1960-62 inclusive.....	3	4½
1963-65 inclusive.....	3½	5¼
1966-68 inclusive.....	4	6
1969 and later.....	4½	6¾

J. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

(1) *Financing policy*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from contributions of covered individuals and employers. Accordingly, in that legislation, the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. Thus, the Congress has always very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and therefore actuarially sound.

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as applicable to private insurance although there are certain points of similarity—especially as concerns private pension plans. Thus, the concept of “unfunded accrued liability” does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles. In a private insurance program, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, the plan will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system. It can reasonably be presumed that under Government auspices such a system will continue indefinitely into the future. The test of financial soundness then is not a question of sufficient funds on hand to pay off all accrued liabilities. Rather the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Thus, it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group. These additional assets and liabilities must be considered to determine whether the system is estimated to be in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contributions and from interest earnings on the accumulated trust funds will over the long run support the disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

The actuarial balance under the 1952 act was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted. (See table 1.) This was the case because of the rise in earnings levels in the 3 years preceding the enactment of the 1952 act being taken into consideration in the estimates for that act and this virtually offset the increased cost due to

the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-premium cost (i. e., the average long-range cost, based on discounting at interest, relative to payroll) of the benefit disbursements and administrative expenses were somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

The 1954 amendments as passed by the House of Representatives contained an adjusted contribution schedule that met not only the increased cost of the benefit charges in the bill, but also reduced the aforementioned lack of actuarial balance to the point where, for all practical purposes, it was sufficiently provided for. The bill as it passed the Senate, however, contained several additional liberalized benefit provisions without any offsetting increase in contribution income. Accordingly, although the increased cost of the new benefit provisions was met, the "actuarial insufficiency" as then estimated for the 1952 act was left substantially unchanged under the Senate-approved bill. The benefit costs for the 1954 amendments as finally enacted fell between those of the House- and Senate-approved bills. Accordingly, it may be said that under the 1954 act, the increase in the contribution schedule met all of the additional cost of the benefit changes proposed and at the same time reduced substantially the "actuarial insufficiency" which the then current estimates had indicated in regard to the financing of the 1952 act.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, which period had been used as the basis for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent; accordingly, the system was in approximate actuarial balance. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided so that the actuarial balance of the system was unaffected, and the program thus remained actuarially sound; this same situation also prevailed for the House-approved and Senate-approved bills.

New cost estimates have been made for the old-age, survivors, and disability insurance program taking into account recent experience and modified assumptions as to anticipated future trends. In the past 2 years, there has been a very considerable number of retirements from among the groups newly covered by the 1954 and 1956 amendments so that benefit expenditures have run appreciably higher than had been previously estimated. Moreover, the analyzed experience for the recent years of operation indicate that retirement rates have risen or, in other words, that the average retirement age has dropped significantly. This may be due in large part to the liberalizations of the retirement test made in recent years, under which aged persons are better able to effectuate a smoother transition from full employment to full retirement. These new cost estimates indicate that the program as it is under the provisions of the 1956 act is out of actuarial balance by over 0.4 percent of payroll.

Your committee believes that not only should any liberalizations in benefit provisions be fully financed by appropriate changes in the tax schedule or through other methods, but also that the actuarial status of the system should be improved in similar manner so that the

actuarial insufficiency is reduced to the point where it is virtually eliminated, namely below one-fourth of 1 percent of payroll, as has been the case generally in the previous legislation.

(2) *Basic assumptions for cost estimates*

Estimates of the future cost of the old-age, survivors, and disability insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Benefit payments may be expected to increase continuously for at least the next 50 to 70 years because of factors such as the aging of the population of the country and the slow but steady growth of the benefit roll that is inherent in any retirement program, public or private, which has been in operation for a relatively short period.

The cost estimates are presented here on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1956. In addition to the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo but also, and to a greater extent, the income of the system. The result is that the cost relative to payroll will decrease.

In general, the cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the Eighteenth Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (H. Doc. No. 401, 85th Cong.).

It should be especially mentioned that the assumptions used in connection with the disability benefits are essentially the same as those used in the original cost estimates for these benefits when they were first incorporated in the law in 1956 (but with certain minor modifications of methodology that result in the cost being shown somewhat lower than originally estimated). The actual experience to date under the very strict definition of "disability" in the law has been significantly lower in cost than the intermediate-cost assumptions would indicate. Nevertheless, until somewhat more experience is available and can be analyzed, it is believed that these cost bases for the monthly disability benefits should be maintained. Disability incidence and termination rates can vary widely—much more so than mortality rates, which are a basic factor in the retirement and survivor benefit cost calculations.

The cost estimates are extended beyond the year 2000 since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which would tend

to yield low benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050. If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

The estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they rise steadily as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present act, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and social security covered earnings in determining benefits for those with less than 10 years of railroad service (and also for all survivor cases).

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if there never had been a separate railroad retirement program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small gain to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings.

(3) *Results of intermediate-cost estimates*

The intermediate-cost estimates are developed from the low-cost and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis or, in other words, actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedules contained in the 1956 act and in the bill are as follows (in each case, one-fourth percent of the employer rate and of the employee rate, and three-eighths percent of the self-employed rate is used for monthly disability benefits):

Calendar year	Employee rate (same for employer)		Self-employed rate	
	1956 act	Bill	1956 act	Bill
	Percent	Percent	Percent	Percent
1958.....	2¼	2¼	3¾	3¾
1959.....	2¼	2½	3¾	3¾
1960 to 1962.....	2¾	3	4½	4½
1963 to 1964.....	2¾	3½	4½	5¼
1965.....	3¼	3½	4½	5¼
1966 to 1968.....	3¼	4	4½	6
1969.....	3¼	4½	4½	6¾
1970 to 1974.....	3¾	4½	5¾	6¾
1975 and after.....	4¼	4½	6¾	6¾

Table 1 has shown that the bill would reduce the lack of actuarial balance of the old-age and survivors insurance system from 0.57 percent of payroll to 0.25 percent of payroll, or about the same level as was the case for the 1956 act at the time it was enacted. At the same time, the disability insurance system would have an actuarial surplus of 0.01 percent of payroll under the bill, as compared with 0.15 percent under the provisions of the 1956 act. The effect of the bill on the combined old-age, survivors, and disability insurance system would be to reduce the actuarial deficit from 0.42 percent of payroll to 0.24 percent, which is well within the margin of variation possible in actuarial cost estimates, and which is about the same as has generally prevailed in the past when the system has been in substantial actuarial balance. If the cost estimates had been based on current earnings levels (instead of those for 1956), the lack of actuarial balance would have been shown as somewhat less than 0.24 percent of payroll.

Table 2 traces through the change in the actuarial balance of the system from its situation under the 1956 act according to the latest estimate to that under the bill, according to the major changes proposed.

It should be emphasized that in 1950 and in subsequent amendments the Congress did not recommend that the system be financed by a high, level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that sizable trust funds will develop, although not as large as would arise under a level-premium tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life-insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The revised contribution schedule in the bill has a twofold effect on the financing of the system. First, there is a uniform one-half of 1 percent increase in the combined employer-employee rate for all future years beginning with 1959. Second, the subsequent increases in the contribution rate, which are scheduled at 5-year intervals in present law, are advanced to 3-year intervals. As shown in table 2, the first of these changes quite naturally has the effect of producing additional income equivalent to 0.50 percent of payroll on a level-premium basis. The other change in the tax schedule, namely accelerating the interval between increases has the level-premium effect of increasing income to the system by 0.19 percent of payroll.

Another change that would be made by the bill also has the effect of increasing the income to the system, namely, raising the maximum taxable and creditable earnings base from \$4,200 to \$4,800 a year. This change has the effect of increasing income by a gross amount equivalent to 0.55 percent of payroll on a level-premium basis, but this is partially offset by the additional benefits that will be paid on the higher earnings credited (namely, 0.32 percent of payroll on a level-premium basis). Accordingly, the net effect is equivalent additional income of 0.23 percent of payroll on a level-premium basis.

The level-premium cost of the old-age and survivors insurance benefits (without considering administrative expenses and the effect of interest earnings on the existing trust fund) under the 1956 act, according to the latest intermediate-cost estimate, is about 8.0 percent of payroll, while the corresponding figure for the bill is 8.4 percent. Similarly, the corresponding figures for the disability benefits are 0.35 percent for the 1956 act and 0.49 percent for the bill.

Table 3 presents the benefit costs under the bill for each of the various types of benefits.

The level-premium contribution rates equivalent to the graded schedules in the 1956 act and in the bill may be computed in the same manner as level-premium benefit costs. These are shown in table 1 for income and disbursements after 1957 (except for the original estimate for the 1956 act, which figures are based on operations after 1955). The figures for the net actuarial balance are also shown in table 1.

If the bill were to become law in August 1958, old-age and survivors insurance benefit disbursements for the calendar year 1958 would be increased by about \$50 million, while there would, of course, be no additional income to the fund during the year. In calendar year 1959, such benefit disbursements under the bill would total about \$9.5 billion, or an increase of about \$700 million over present law. At the same time, contribution income for old-age and survivors insurance for 1959 would amount to about \$8.6 billion under the bill, or \$1.1 billion more than under present law. Thus, the excess of benefit outgo over contribution income would be reduced from \$1.4 billion under present law to \$800 million under the bill. The decreases in the old-age and survivors insurance trust fund would not be as large as the figures just given because the interest receipts would exceed outgo for administrative expenses and transfers to the railroad retirement accounts.

In 1960, old-age and survivors insurance benefit disbursements under the bill would, according to the intermediate cost estimate, be \$10.0 billion, or an increase of \$700 million over the present law. At the same time, contribution income for old-age and survivors insurance for 1960 would be \$10.6 billion under the bill, or \$1.5 billion more than under present law. Accordingly, in 1960, there would be an excess of contribution income over benefit outgo of about \$600 million under the bill, whereas under present law there would be a deficit of about \$300 million. Under the bill, the excess of contribution income would be about \$500 million in 1961, about \$50 million in 1962, and about \$1.5 billion a year in 1963 and in 1964. On the other hand, under present law, during each year of the period 1961-64, there would be deficits of contribution income as compared with benefit outgo ranging up to as much as \$1 billion.

As to the disability insurance system, if the bill were to become law in August 1958, benefit disbursements for the calendar year 1958 would be increased by about \$20 million, while there would, of course, be no additional income to the trust fund during the year. In calendar year 1959, such benefit disbursements under the bill would total about \$435 million, or an increase of about \$200 million over present law. At the same time, contribution income for disability insurance for 1959 would amount to about \$980 million, or only a small increase over present law (solely because of raising the taxable earnings base, since there is no change made in the amount of contributions assignable to this program). Nonetheless, in 1959 there would be an excess of contribution income over benefit outgo of about \$500 million. Similarly, in 1960 and the years immediately following, contribution would be well in excess of benefit outgo—by as much as \$300 million in 1965 and, of course, somewhat larger amounts in the earlier years.

Table 4 gives the estimated operation of the old-age and survivors insurance trust fund under the bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends, but it is

desirable and necessary nonetheless to consider these long-range possibilities under a social-insurance program that is intended to operate in perpetuity.

In every year after 1959, for almost the next 30 years, contribution income is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit outgo curve rises ahead of the contribution income curve in 1985, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily, reaching \$50 billion in 1970, \$99 billion in 1980, and \$163 billion at the end of this century. In the very far distant future; namely, in about the year 2030, the trust fund is estimated to reach a maximum of about \$295 billion, and then decrease slowly. Nevertheless, even 90 years from now, this estimate would show a trust fund of about \$200 billion. The fact that the trust fund would not become exhausted until somewhat more than a century hence, indicates that the proposed tax schedule is not quite self-supporting although it is, for all practical purposes, sufficiently close so that the system may be said to be actuarially sound. This general situation was also true for the 1950 act and for subsequent amendments, according to the estimates made when they were being considered.

On the other hand, the disability insurance trust fund grows steadily. (See table 5.) In 1970, it is shown as being \$5.7 billion, while in 1980 and 2000, the corresponding figures are \$6.8 billion and \$13.2 billion, respectively. There is an excess of contribution income over benefit disbursements for every year up to about 1975, and even thereafter the trust fund continues to grow because of its interest earnings. In fact, this trust fund is never shown to decline in any future year, which is to be expected since the level-premium cost of the disability benefits according to the intermediate-cost estimate is slightly lower than the level-premium income of one-half of 1 percent of payroll.

(4) Results of cost estimates on range basis

Table 6 shows the estimated operations of the old-age and survivors insurance trust fund for the low-cost and high-cost estimates, while table 7 gives corresponding figures for the disability insurance trust fund. Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$280 billion and is then growing at a rate of about \$14 billion a year. Likewise, the disability insurance trust fund grows steadily under the low-cost estimate, reaching about \$45 billion in the year 2000, at which time its annual rate of growth is about \$2 billion. For both trust funds, after 1959, benefit disbursements do not exceed contribution income in any year in the foreseeable future.

On the other hand, under the high-cost estimate, the old-age and survivors insurance trust fund builds up to a maximum of about \$85 billion in about 25 years, but decreases thereafter until it is exhausted in the year 2010. Under this estimate, benefit disbursements from the old-age and survivors insurance trust fund are smaller than contribution income during all years before 1980, except 1959 and

1962 (in the latter year a relatively small deficit would be shown). As to the disability insurance trust fund, in the early years of operation, contribution income materially exceeds outgo, and this is so until 1965. Accordingly, the disability insurance trust fund, as shown by this estimate, would be about \$3 billion in 1965 and would then slowly decrease until being exhausted in 1976.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports therefor, the tax schedule would be adjusted in future years so that neither of the developments of the trust funds shown in tables 6 and 7 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

(5) Summary of actuarial cost estimates

The old-age, survivors, and disability insurance system, as modified by the bill, has a benefit cost that is very closely in balance with contribution income. This also was the case for the 1950 act and subsequent amendments at the time they were enacted. In fact, the system as modified by the bill is significantly closer to actuarial balance, according to the intermediate-cost estimate, than is the present law. The system as modified by the bill, and the system as it was modified by the previous amendments, has been shown to be not quite self-supporting under the intermediate-cost estimate. There is very close to an exact balance, especially considering that a range of error is necessarily present in the long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age, survivors, and disability insurance program, as it would be amended by this bill, is actuarially sound. In fact, the actuarial status of the program is very much improved over that of present law since the cost of the liberalized benefits is more than met by the increased contributions that are scheduled (with such rise going fully into effect almost immediately upon the inauguration of the new benefit provisions).

The separate disability insurance trust fund established under the 1956 act shows a small favorable actuarial balance because the contribution rate allocated to this fund is slightly in excess of the cost for the disability benefits, based on the intermediate-cost estimate. Considering the variability of cost estimates for disability benefits, this small actuarial excess is not significant.

TABLE 1.—*Actuarial balance of old-age, survivors, and disability insurance program under various acts for various estimates on an intermediate-cost basis*

[Percent]

Legislation	Date of estimate	Level-premium equivalent ²		
		Benefit costs ³	Contributions	Actuarial balance ⁴
Old-age, survivors, and disability insurance ¹				
1950 act.....	1950	6.05	5.95	-0.10
1952 act.....	1952	5.85	5.75	-.10
1952 act.....	1954	6.62	6.05	-.57
1954 bill (House).....	1954	7.34	7.12	-.22
1954 act.....	1954	7.50	7.12	-.38
1954 act.....	1956	7.45	7.29	-.16
1956 act.....	1956	7.85	7.72	-.13
1956 act.....	1958	8.25	7.83	-.42
1958 bill (House).....	1958	8.76	8.52	-.24
Old-age and survivors insurance ¹				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	-.57
1958 bill (House).....	1958	8.27	8.02	-.25
Disability insurance ¹				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+.15
1958 bill (House).....	1958	.49	.50	+.01

¹ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

² Expressed as a percentage of taxable payroll.

³ Including adjustments (a) to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, and (c) for administrative expense costs.

⁴ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

TABLE 2.—*Changes in estimated level-premium cost of benefit payments as percentage of taxable payroll, by type of change, intermediate-cost estimate at 3 percent interest, 1956 act and bill*

Item	Old-age and survivors insurance	Disability insurance
	Percent	Percent
Present lack of balance (—) or surplus (+).....	-0.57	+0.15
Increase of ½-percent in tax schedule.....	+.50	-----
Acceleration of tax schedule (3-year rises).....	+.19	-----
Increased income from higher earnings base.....	+.52	+.03
Additional benefit cost from higher earnings base.....	-.30	-.02
Increase of benefit level by 7 percent (or \$3, if more).....	-.57	-.03
Supplementary benefits for disability beneficiaries.....	-----	-.06
Elimination of disability benefit offset provision.....	-----	-.03
Modification of insured status requirements.....	-----	-.03
Liberalizing retirement test.....	-.01	-----
Paying parent's benefits in all cases.....	-.01	-----
Lack of balance (—) or surplus (+) under bill.....	-.25	+.01

TABLE 3.—*Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under bill as percentage of taxable payroll,¹ by type of benefit, intermediate-cost estimate at 3 percent interest*

Item	Old-age and survivors insurance	Disability insurance
	Percent	Percent
Primary benefits.....	5.92	0.43
Wife's benefits.....	.57	.03
Widow's benefits.....	1.23	(2)
Parent's benefits.....	.02	(2)
Child's benefits.....	.43	.03
Mother's benefits.....	.11	(2)
Lump-sum death payments.....	.12	(2)
Total benefits.....	8.40	.49
Administrative expenses.....	.09	.01
Interest on existing trust fund ³	-.22	-.01
Net total level-premium cost.....	8.27	.49

¹ Including adjustment to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate.

² This type of benefit not payable under this program.

³ This item is taken as an offset to the benefit and administrative expense costs.

TABLE 4.—*Progress of old-age and survivors insurance trust fund under bill, high-employment assumptions, intermediate-cost estimate at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund ³
	Actual data					
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	468	20,576
1955.....	5,713	4,968	119	-----	461	21,663
1956.....	6,172	5,715	132	-----	531	22,519
1957.....	6,826	7,347	162	-----	537	22,393
	Estimated data					
1958.....	\$7,297	\$8,368	\$156	-\$124	\$565	\$21,606
1959.....	8,632	9,455	161	-219	567	20,971
1960.....	10,621	10,027	166	-196	590	21,794
1961.....	11,106	10,618	169	-195	634	22,552
1962.....	11,256	11,207	172	-199	672	22,902
1963.....	13,124	11,678	175	-156	704	24,722
1964.....	13,652	12,016	178	-156	761	26,784
1965.....	13,830	12,333	181	-160	820	28,762
1970.....	19,404	15,030	201	-70	1,406	50,330
1975.....	20,880	17,766	222	-59	2,185	76,432
1980.....	22,301	20,874	246	12	2,856	98,678
2000.....	29,695	29,672	332	192	4,762	163,448
2020.....	36,124	40,716	426	192	8,379	285,282

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ This figure is artificially high because reimbursements from the disability insurance trust fund, called for by the law, had not been made in calendar year 1957. These amounted to about \$14 million.

TABLE 5.—*Progress of disability insurance trust fund under bill, high-employment assumptions, intermediate-cost estimate at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund
Actual data						
1957.....	\$702	\$57	^{1 3} \$3	-----	\$7	\$649
Estimated data						
1958.....	\$914	\$265	\$19	-----	\$25	\$1,304
1959.....	980	434	21	\$10	42	1,882
1960.....	991	492	23	-20	59	2,397
1961.....	1,004	555	23	-23	76	2,876
1962.....	1,018	613	24	-26	92	3,322
1963.....	1,032	675	24	-28	104	3,731
1964.....	1,046	736	25	-31	116	4,101
1965.....	1,059	796	25	-34	126	4,431
1970.....	1,141	1,052	27	-34	165	5,679
1975.....	1,227	1,249	30	-31	187	6,384
1980.....	1,311	1,380	30	-22	201	6,835
2000.....	1,745	1,649	40	-2	383	13,177
2020.....	2,125	2,330	51	1	520	17,734

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ This figure is artificially low because reimbursements to the old-age and survivors insurance trust fund, called for by the law, had not been made in calendar year 1957. These amounted to about \$14 million.

TABLE 6.—*Estimated progress of old-age and survivors insurance trust fund under bill, high-employment assumptions, low-cost and high-cost estimates at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund
Low-cost estimate						
1965.....	\$13,866	\$12,055	\$167	-\$145	\$883	\$31,076
1970.....	19,458	14,663	186	-49	1,542	55,226
1975.....	21,072	17,217	206	-32	2,441	85,607
1980.....	22,773	19,965	228	39	3,328	115,570
2000.....	32,137	26,835	310	218	8,071	279,701
2020.....	41,754	36,432	408	218	20,249	697,772
High-cost estimate						
1965.....	\$13,794	\$12,609	\$195	-\$176	\$758	\$26,447
1970.....	19,351	15,398	216	-91	1,270	45,434
1975.....	20,688	18,315	239	-85	1,929	67,256
1980.....	21,829	21,782	263	-14	2,385	81,786
2000.....	27,253	32,511	354	167	1,454	47,194
2020.....	30,495	45,001	445	167	(³)	(³)

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Fund exhausted in 2010.

TABLE 7.—*Estimated progress of disability insurance trust fund under bill, high-employment assumptions, low-cost and high-cost estimates at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund
Low-cost estimate						
1965.....	\$1,063	\$535	\$22	—\$32	\$164	\$5,870
1970.....	1,144	699	23	—32	259	9,092
1975.....	1,239	834	25	—29	360	12,519
1980.....	1,339	930	27	—20	474	16,440
2000.....	1,889	1,110	36	-----	1,310	45,355
2020.....	2,456	1,796	50	3	2,889	99,485
High-cost estimate						
1965.....	\$1,056	\$1,059	\$28	—\$35	\$88	\$2,992
1970.....	1,138	1,407	30	—35	71	2,265
1975.....	1,216	1,666	33	—33	15	250
1980.....	1,283	1,828	35	—24	(3)	(3)
2000.....	1,602	2,189	44	—4	(3)	(3)
2020.....	1,793	2,864	52	—1	(3)	(3)

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Fund exhausted in 1976.

IV. DISCUSSION OF PUBLIC ASSISTANCE AND MATERNAL AND CHILD WELFARE PROVISIONS

A. PUBLIC ASSISTANCE PROVISIONS

(1) General

Your committee's bill would amend those provisions of the Social Security Act relating to old-age assistance (title I), aid to dependent children (title IV), aid to the blind (title X), and aid to the permanently and totally disabled (title XIV), so as to:

(1) Change the formula determining the Federal share of assistance payments to provide an average maximum on State expenditures for assistance in which there can be Federal sharing, including assistance in the form of medical care and as money payments, and make a portion of the Federal contribution related to the per capita income of the States;

(2) Extend the benefits of the four titles to Guam, with a dollar limitation on the total Federal grant;

(3) Increase the dollar limitation on the total Federal grant to Puerto Rico and the Virgin Islands;

(4) Extend for an additional 2 years the special matching provisions for certain State aid-to-blind programs.

(2) Federal matching formula

Under the old-age assistance, aid to the permanently and totally disabled, aid to the blind, and aid to dependent children titles of the Social Security Act, the Federal Government participates in State expenditures made to needy individuals in the form of money pay-

ments, and in behalf of an individual in the form of medical care or other forms of remedial care recognized under State law. The law provides a maximum on State expenditures in which the Federal Government can participate, separately stated for money payments to the individual for assistance and medical care on his behalf. For money payments made to the individual the present maximum, in old-age assistance, aid to the blind, and aid to the permanently and totally disabled is \$60 a month; for aid to dependent children, the present maximum is \$32 a month for the first dependent child in the home, \$23 for each additional child in the home, and \$32 a month for the relative caring for the dependent child or children. For medical care costs paid in behalf of a needy person to vendors of medical care (doctors, hospital, etc.), the Federal Government participates in expenditures up to a total determined by multiplying \$6 a month times the number of adults receiving assistance in a particular State, and \$3 a month by the number of children receiving assistance. The Federal share of the payments made which are within the maximums described above, is for old-age assistance, aid to the blind, and aid to the permanently and totally disabled, four-fifths of the first \$30 of the average assistance payment, and one-half of the remainder up to a maximum of \$60, and in the aid to dependent children, fourteen-seventeenths of the first \$17 of the average assistance payment made under the program, and one-half of the remainder up to the maximum of \$32 or \$23. For medical care, the Federal share of payments made within the maximums of \$6 and \$3 is one-half, or \$3 and \$1.50.

Under your committee's bill, the method of determining the Federal share of State expenditures would be changed in two respects:

- (1) The maximums on the payment made to the recipient and on the vendor expenditures made in his behalf in the form of medical or remedial care in which the Federal Government will participate would be combined into one maximum and on the basis of the average payment to all recipients in a State which maximum is applicable to the entire assistance expenditure, including both money payments to the needy recipients and medical care in their behalf. For old-age assistance, aid to the blind, and aid to the permanently and totally disabled, this maximum would be \$66 a month. In aid to dependent children, the maximum would be \$33 a month for each individual receiving assistance.

- (2) The Federal share would be determined in part by the relative fiscal ability of the State as measured by average State per capita income.

The Federal share of assistance expenditures for the aged, blind, and disabled would be four-fifths of the first \$30 of the average monthly assistance expenditure (as at present). For needy dependent children, the Federal share would be changed from fourteen-seventeenths of the first \$17 of the average monthly assistance expenditures for individuals receiving aid to five-sixths of the first \$18 of such expenditures.

Federal participation in the assistance expenditures made above these maximums but within the overall limits determined by multiplying by \$66 the number of persons receiving old-age assistance, aid to the blind, and aid to the permanently and totally disabled each month; and by \$33 the number of persons receiving aid to dependent children

each month would be increased above the present 50-50 matching for the lower income States. Federal participation in such payments would be 50 percent for States whose per capita income was equal to or above the average per capita income for the United States, and would range upward to 70 percent for States whose per capita income is below the national average. Under the new formula, the lowest income States will receive Federal funds per recipient on a basis more nearly equivalent to the highest income States. Federal funds will average \$32.23 per recipient in the 12 highest income States, and \$28.84 in the 12 lowest income States. The Federal funds under your committee's bill, together with State and local funds now being spent, would provide assistance payments to recipients averaging \$64.89 in the 12 highest income States and \$38.62 in the 12 lowest income States. The bill directs that the Secretary of the Department of Health, Education, and Welfare, between July 1 and August 31 of each even numbered year, shall promulgate the Federal percentage for each State on the basis of average per capita income of each State and of the continental United States, for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be used in determining the Federal share of State assistance expenditures for the succeeding 2 years. Special provision is made in the bill for the Secretary to promulgate a percentage as soon as possible after the enactment of this act, which shall be used for the 11 quarters in the period beginning October 1, 1958, through June 30, 1961.

Your committee believes that the change to an average maximum holds many advantage for the States in simplification of administrative procedures by eliminating some detailed recordkeeping and by enabling the States, with Federal participation, to meet more adequately the unusual needs of individuals. This is difficult to do under the present law, inasmuch as the Federal maximums are stated in terms of payments to an individual. Your committee also believes that the combining of the Federal maximum on assistance paid as money payments to the individual and medical care in his behalf also is advantageous. This change will enable a State to decide to what extent it wishes to pay for medical care received by the needy through the method of making a payment in his behalf to the vendor of the medical care or giving him money so that he can purchase his own medical care, without being influenced by consideration of Federal financial sharing. The bill will make it clear that the Federal Government will be able to participate financially in State expenditures for medical care in those instances in which the recipient was eligible at the time the medical care was authorized, but who subsequently became ineligible for such reasons as death prior to the payment of the bill.

Under your committee's bill, each State would receive additional Federal funds which would enable the States to increase the payments to individuals receiving aid as needed or to give assistance to additional needy people. The revised formula in the bill for determining the Federal share of assistance will be of particular assistance to States with limited fiscal resources and will enable these States to make more nearly adequate assistance payments. This will help to more nearly balance the level of assistance made available to needy

people in the various parts of the country. The committee considered the possibility of including in the bill language to require the States to use the additional funds made possible under the bill for additional assistance, or for the money to revert to the Federal Treasury, but your committee has not been able to find such a provision that would operate equitably. Your committee believes, however, that the States should make available to the needy as promptly as possible the additional Federal funds made available under this bill.

Estimated increase¹ in Federal funds by States under proposal in committee bill

State (in order of per capita income, 1954-56)	All programs combined		State (in order of per capita income, 1954-56)	All programs combined	
	Total annual increase (thousands)	Monthly increase per recipient		Total annual increase (thousands)	Monthly increase per recipient
United States total...	\$287,818	\$4.55	Minnesota.....	6,303	6.33
12 highest States...	59,221	2.89	Kansas.....	2,928	4.30
27 middle States...	121,906	5.10	Florida.....	9,136	4.42
12 lowest States...	106,691	5.64	Arizona.....	3,179	6.45
Delaware.....	311	3.10	Iowa.....	7,275	8.83
Connecticut.....	1,525	3.52	Texas.....	14,117	3.46
Nevada.....	221	3.06	Nebraska.....	2,583	7.13
New Jersey.....	1,965	2.97	Maine.....	2,507	6.72
Distriet of Columbia.....	1,168	5.14	Virginia.....	3,229	4.52
California.....	9,416	1.66	Utah.....	1,638	6.14
New York.....	13,273	3.00	Vermont.....	1,193	9.05
Illinois.....	8,186	3.18	Idaho.....	1,842	10.32
Michigan.....	8,453	4.54	Oklahoma.....	23,803	11.41
Massachusetts.....	4,375	2.61	New Mexico.....	4,684	9.26
Ohio.....	7,973	3.61	Louisiana.....	24,771	8.27
Maryland.....	2,355	4.25	Georgia.....	21,689	9.88
Washington.....	3,693	3.26	South Dakota.....	2,900	11.40
Rhode Island.....	1,473	4.86	North Dakota.....	1,936	9.08
Pennsylvania.....	9,223	4.00	West Virginia.....	10,321	8.51
Indiana.....	3,592	4.24	Tennessee.....	10,333	6.32
Oregon.....	1,725	4.08	Kentucky.....	7,401	4.27
Wyoming.....	249	3.66	North Carolina.....	7,127	3.80
Montana.....	1,335	6.24	Alabama.....	6,690	2.36
Missouri.....	5,582	2.11	South Carolina.....	2,967	3.09
Colorado.....	3,571	3.61	Arkansas.....	9,682	8.66
Wisconsin.....	5,578	6.52	Mississippi.....	874	.47
New Hampshire.....	649	5.42	Alaska.....	226	2.90
			Hawaii.....	588	3.59

¹ Assuming States continue to spend as much per recipient per month from State and local funds as under present formula. Based on estimates by the States of recipients and expenditures for fiscal year 1959.

U. S. Department of Health, Education, and Welfare, Social Security Administration, Bureau of Public Assistance.

(3) Approval of certain State plans for aid to the blind

Your committee's bill provides for an additional 2-year extension of section 344 (b) of the Social Security Act, relating to aid to the blind programs in Pennsylvania and Missouri.

(4) Repeal of section 9 of Public Law 474

Section 9 of Public Law 474, 81st Congress, approved April 19, 1950, provided special Federal financing of public assistance under State plans approved under the Social Security Act for public assistance to Navajo and Hopi Indians residing on reservations or on allotted or trust lands. The formula change set forth in your committee's bill providing an average maximum, and recognizing the economic capacity of the States, makes unnecessary these special provisions. Your committee's bill therefore repeals section 9 of Public Law 474.

(5) *Technical amendment*

The Social Security Amendments of 1956 emphasized the importance of helping recipients attain self-care and required that State plans provide a description of the services the States agencies make available to recipients of public assistance. Inadvertently the language requiring this description was omitted from the amendments to title I in 1956. Your committee is therefore adding this technical amendment.

(6) *Guam, Puerto Rico, and the Virgin Islands*

The bill would amend the definition of "State" in the general provisions (title XI) so as to include Guam and thus extend the old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled programs to that island possession. Federal sharing in expenditures for public assistance in Guam would be on a 50-50 basis, the same as now in effect for Puerto Rico and the Virgin Islands. The limitation of the total amount of Federal grants for public assistance in Guam would be \$400,000. There are many points of comparability between Guam and the Virgin Islands, and Puerto Rico, both of which jurisdictions have public-assistance programs with Federal participation. Such programs as public health, vocational educational, vocational rehabilitation, and employment services have already been extended to Guam. Your committee believes that the public-assistance programs should also be extended.

The bill also increases the dollar amount of the authorization for both Puerto Rico and the Virgin Islands. Both of these territories have made very substantial fiscal effort to support their programs. The present formula for the Federal financing of public assistance for Puerto Rico and the Virgin Islands provides relatively less Federal funds than the formula in effect for other jurisdictions. In order to enable these territories to have more adequate financing of their public-assistance programs within the limits of the special formula applicable to them the bill increases the authorization for Puerto Rico from \$5,312,500 to \$8,500,000 and for the Virgin Islands from \$200,000 to \$300,000.

The bill continues the 50 percent matching for Puerto Rico and the Virgin Islands. For the aged, blind, and disabled, the former maximum of \$30 on money payments and \$6 on medical care vendor payments are combined into an average maximum of \$36. For aid to dependent children, the former maximums of \$18 and \$12 per recipient plus the \$6 and \$3 vendor payment medical care maximums are combined into a single average of \$18. The new formulas are extended to Guam.

B. MATERNAL AND CHILD WELFARE PROVISIONS

Your committee's bill would—

(1) Raise the ceilings on the amounts authorized for annual appropriations for maternal and child health services, crippled children's services, and child welfare services under title V of the Social Security Act; and

(2) Improve the child welfare provisions of the present law by removing inequities which now exist in extending these services as between children in urban areas and children in rural areas,

and by liberalizing certain other provisions which have caused problems.

Your committee received impressive testimony from representatives of a wide variety of public, voluntary, civic, and professional organizations, which clearly established the need for expanding these three programs. The unprecedented increase in the child population, the rising costs of care and services, the development of new techniques and measures for helping children, and the great inequality of distribution of the basic child-health and child-welfare services are factors which combine to produce an urgent need for increased Federal funds for all three of these programs.

With respect to the maternal and child-health program, many well-baby clinics are overcrowded, only a beginning has been made in providing adequate health services for mentally retarded children, and there is a need for expansion of services in rural areas where resources are still inadequate for promoting the health of mothers and children.

In the crippled children's program, urgent need exists for expanding programs for surgical treatment of children with congenital heart lesions to prevent the needless loss of life among children with this condition. Services for children with speech and hearing disorders are grossly inadequate—only 1 child in 4 of the speech-handicapped children is receiving necessary diagnostic or remedial assistance. Many other children with orthopedic and other types of handicaps are also helped through this program.

Great need exists in the child-welfare program for expanding provisions for foster care so as to afford better care and protection for children who must be cared for away from their own homes and families. Only half of the counties in the country have the services of a public child welfare worker in the face of a nationwide increase in juvenile delinquency and increased neglect and abuse of children.

In order to make possible in the immediate future more assistance to the States in extending and improving these important services for children, your committee is recommending an increase of \$5 million in the amounts authorized for annual appropriation for each of these programs as follows:

	Current Authorization	Recommended
Maternal and child health services.....	\$16, 500, 000	\$21, 500, 000
Crippled children's services.....	15, 000, 000	20, 000, 000
Child welfare services.....	12, 000, 000	17, 000, 000

Numerous witnesses have urged your committee to remove the present child welfare provisions of the law whereby Federal child welfare funds are allotted to the States on the basis of the rural child population without relating the funds to children in urban areas. The present law also limits the use of these funds to predominantly rural areas and other areas of special need. Three out of five children in the Nation now live in urban areas. Many families have shifted in the last decade from farms and small towns to cities where services have not expanded to meet their needs. In the light of these developments, your committee believes that the present law should be amended so as

to make child welfare services generally available not only in rural areas but also in urban areas and to give equal consideration to children in urban areas as to children in rural areas.

In line with this recommendation, your committee's bill provides for removing from the present law the provisions specifying the use of Federal child welfare funds in predominantly rural areas or other areas of special need. The bill also includes a new formula for the allotment of these funds whereby the allotment will be related directly to the total child population under 21 and inversely to the per capita income of the State. In order to assure that present services to children in rural areas are not reduced because of this change, the committee has also included a provision for a base allotment. The bill provides that if the amount allotted under the new formula is less than the State's base allotment, the amount shall be increased to the base allotment and the necessary adjustment made by reducing the allotments of other States. The base allotment is the amount which would have been allotted to the State for the particular year in which the appropriation is made, under the provisions of section 521 of the law in effect prior to the enactment of the 1958 amendments as applied to an appropriation of \$12 million (the amount currently authorized and which has been appropriated for the fiscal year ending June 30, 1959). The formula used for computing this base allotment would be, therefore, the same as in the present law, using rural child population statistics which subsequently become available and represent the current statistics for the year in which the appropriation is made.

Your committee has also made several other improvements in the child welfare provisions of the law. One of these would establish a new provision authorizing reallocation of these funds, thereby enabling full utilization of funds appropriated for child welfare services.

Another provision liberalizes the present provisions concerning the use of these funds for the return of runaway children. The age limit of children who may be returned through these funds would be raised from 16 to 18 and the States would be authorized to use these funds for maintenance of runaway children, for a period not exceeding 15 days, pending their return. A matching provision has been added in order that the financial provisions for these grants are in the future consistent with those of other Federal-grant programs.

V. SECTION-BY-SECTION ANALYSIS

The first section of the bill contains a short title, the Social Security Amendments of 1958. The remainder of the bill is divided into seven titles as follows:

Title I—Increase in benefits under title II of the Social Security Act.

Title II—Amendments relating to disability freeze and disability insurance benefits.

Title III—Provisions relating to eligibility of claimants for social security benefits, and miscellaneous provisions.

Title IV—Amendments to the Internal Revenue Code of 1954.

Title V—Amendments relating to public assistance.

Title VI—Maternal and child welfare.

Title VII—Miscellaneous provisions.

TITLE I—INCREASE IN BENEFITS UNDER TITLE II OF THE SOCIAL SECURITY ACT**SEC. 101. INCREASE IN BENEFIT AMOUNTS**

Section 101 of the bill contains provisions for effectuating the benefit increases that the bill would provide, including provisions for determining the new primary insurance amounts for both present and future beneficiaries through a benefit table and provisions to adjust minimum benefits for a sole survivor and maximum benefit amounts for families to the higher rates.

Primary insurance amount

Subsection (a) of section 215 of the Social Security Act, as amended by section 101 (a) of the bill, sets forth a table to effectuate the benefit increases provided by the bill for people who are on the benefit rolls before the third month following the month in which the bill is enacted to determine the benefit amounts of people who will come on the benefit rolls after the second month following the month in which the bill is enacted. The new primary insurance amounts, shown in column IV of the table, are stated in whole dollars only. (The primary insurance amount is the amount payable to the retired worker and the amount on which all other benefits are based.) The amounts in the table were computed by increasing the primary insurance amounts of present law by 7 percent and rounding the resulting amounts to the nearest whole dollar (with some minor adjustments to provide a smooth progression of dollar values), with a minimum increase of \$3.

The primary insurance amounts that would be provided by the table range from a minimum of \$33 for people whose average monthly wage is \$54 or less to a maximum of \$127 for people who will have the new maximum average monthly wage of \$400 that will become possible in the future with the \$4,800 annual earnings base that the bill would provide. The primary insurance amounts of retired workers who are now on the benefit rolls at the \$30 minimum would be raised to \$33. Retired workers who are now at the maximum primary insurance amount of \$108.50 would be raised to \$116.

The amended section 215 (a) also provides the method for computing primary insurance amounts through the use of the table. The subsection provides that a person's primary insurance amount shall be the largest amount for which he can qualify under conditions set forth in the following subsections of the new section 215:

(1) Section 215 (b), which provides for computation of an average monthly wage based on earnings after 1950 only, with up to 5 years of lowest earnings excluded. This is the way in which benefits will be computed for most future beneficiaries. If this method is used, the worker's primary insurance amount is the amount in column IV of the table on the same line on which his average monthly wage appears in column III.

(2) Section 215 (c) which provides for determination of a primary insurance amount under the provisions of present law. The new primary insurance amount of a person for whom this method is used is the amount in column IV of the table on the same line on which his present-law primary insurance amount appears in column

II. Basically, this is the method that will be used for people who are already on the benefit rolls, or who die, before the third month following the month in which the bill is enacted.

(3) Section 215 (d), which provides for determination of a primary insurance benefit under the rules generally applicable before the Social Security Act Amendments of 1950, with an average monthly wage computed over the period beginning with 1937 after dropping out up to 5 years of lowest earnings. Generally this method will be used for future beneficiaries who have not had significant earnings after 1950. If this method is used, the worker's primary insurance amount is the amount in column IV of the table on the same line on which appears his primary insurance benefit in column I of the table.

Under paragraph (4) of the new section 215 (a), a person who was entitled to a disability insurance benefit in the month before the month in which he became entitled to an old-age insurance benefit would have a primary insurance amount equal to the amount of his disability insurance benefit if that was larger than any other amount for which he could qualify. (See sec. 101 (b) of the bill, discussed below, for transitional conversion from disability benefit to primary insurance amount.)

Average monthly wage

Section 101 (b) of the bill amends section 215 (b) of the Social Security Act (relating to the computation of the average monthly wage) to make that section applicable solely to benefits determined under column III of the table. It further provides that the amended section 215 (b) could be used to determine the average monthly wage only of people with at least 6 quarters of coverage after 1950 who, after the second month following the month in which the bill is enacted, either (1) become entitled to old-age insurance benefits or disability insurance benefits, or (2) die without becoming entitled to such benefits, or (3) file an application for a "work" recomputation under section 215 (f) (2) (A) of the Social Security Act and meet the conditions for such a recomputation as specified in such section 215 (f) (2) (A), or (4) die and in the month of death meet the conditions for such a "work" recomputation as specified in section 215 (f) (2) (A).

Primary insurance amount under 1954 act

Section 101 (c) of the bill amends section 215 (c) of the Social Security Act to provide that people who became entitled to old-age or disability insurance benefits prior to the effective date of the bill, or who died prior to that effective date, would have their primary insurance amount computed under the provisions of the present law; this primary insurance amount would appear in column II of the table and would be converted to the new amount on the same line in column IV of the table.

Primary insurance benefit under 1939 act

Section 101 (d) of the bill amends section 215 (d) of the Social Security Act, which relates to provisions for computing primary insurance benefits under the general provisions of the law as in effect prior to the Social Security Act Amendments of 1950. An indi-

vidual who had his benefit computed by this method would have his primary insurance benefit, shown in column I of the table, converted to the primary insurance amount on the same line in column IV of the table.

The primary insurance benefit is used in present law to determine primary insurance amounts mainly in those cases where the worker's earnings in years before 1951 were more substantial than his earnings after 1950, and it would be so used under the bill. The primary insurance benefit computation would be applicable to people who have at least one quarter of coverage before 1951, provided that they meet the conditions which permit the computation of an individual's average monthly wage under the proposed section 215 (b) (except the requirement of 6 quarters of coverage after 1950). As under present law, this method of computation would not be available to people who attained age 22 after 1950 and had at least 6 quarters of coverage after 1950.

Minimum survivors or dependents benefits

Section 101 (e) of the bill amends section 202 (m) of the Social Security Act to raise from \$30 to \$33 (the last figure in column IV of the table in the new sec. 215 (a) of the Social Security Act) the minimum benefit payable to a sole survivor beneficiary.

Maximum benefits

Section 101 (f) of the bill amends section 203 (a) of the Social Security Act (relating to the total amount of benefits payable to a family on the basis of a single earnings record) to provide that the maximum amount of total family benefits payable on the basis of a single earnings record shall be the amount appearing in column V of the benefit table (provided in sec. 101 of the bill) on the line on which, in column IV of the table, the primary insurance amount appears. The amended subsection also makes the maximum limitation applicable to family benefits payable on the earnings of disability insurance beneficiaries.

Under present law, family benefits totaling \$50 or less are not subject to any maximum limitation. If the family benefits total more than \$50, they are limited to the largest of the following: \$50; $1\frac{1}{2}$ times the worker's primary insurance amount; and 80 percent of his average monthly wage. In no event can the total be more than \$200. For the purposes of the table, the \$50 minimum of present law was increased to \$53 and the \$200 maximum was increased to \$254. The maximum family benefit amounts between \$60 and \$254 were established as the greater of (a) $1\frac{1}{2}$ times the primary insurance amount, and (b) 80 percent of the average of the upper and lower average-monthly-wage amounts in each bracket. The only exceptions to this method are at the very lowest levels, where the maximum amounts are set at \$1 intervals from the \$53 minimum to \$60 in order to effect a smooth progression of maximum family benefit amounts.

Paragraph (1) of the amended section 203 (a) continues in the benefit table the effect of the provisions of present law for reducing family benefits in cases where (but for the provisions of sec. 202 (k) (2) (a) of the act which limits the benefit payments of a child entitled to more than one benefit to the amount payable on the earnings record yielding the largest amount) a child would be entitled

to benefits on the basis of the wages and self-employment income of more than one insured individual. In that case, the maximum amount of benefits payable to the family would be the sum of the maximum amounts payable on the earnings records of all the insured individuals on whose earnings records family members could be entitled to benefits. In no event, though, could the total family benefits exceed the largest amount of maximum family benefit payable (\$254).

Paragraph (2) of the amended subsection provides a saving clause to assure an increase in family benefits for people already on the benefit rolls when the bill becomes effective. In the absence of such a provision, some families now on the benefit rolls could receive little or no increase in benefits because their benefits are already at or near the maximum payable to the family as provided in the benefit table. The maximum family benefit in such cases would be the larger of (a) the maximum amount permitted under column V of the table, and (b) the maximum amount permitted under present law plus the increase made by section 101 (a) of the bill in the primary insurance amount of the insured individual on whose wages and self-employment income such family benefits are based.

Paragraph (3) of the amended subsection makes special provision relating to family benefits based on the earnings record of an individual for whom a period of disability was established if the period began before the effective date of the bill and continued beyond that date until he became entitled to disability insurance benefits or old-age insurance benefits or until he died. The purpose of this provision is to assure that the family of such a person, regardless of when the family goes on the benefit rolls, will receive an increase in benefits as a result of the enactment of this bill. The family of a disabled person will be in approximately the same position, with regard to maximum family benefits payable, as the family already receiving benefits based on the earnings of a worker who died or became entitled as of the time the period of disability began. This provision is needed for this purpose only at levels of primary insurance amount at which maximum family benefits are in effect limited to 80 percent of the worker's average monthly wage—\$68 or over in column IV of the benefit table—and its application is limited to those levels of primary insurance amount. In no case could the provision raise the total of benefits payable to a family to more than the overall family maximum (\$254).

Whenever a reduction in family benefits is made under this subsection, each benefit, except the old-age insurance benefit and the disability insurance benefit would be proportionately decreased. In any case in which benefits were reduced pursuant to the provisions of this subsection, the reduction would be made after any other deductions under section 203 of the Social Security Act (such as deductions on account of earnings) and any deductions under section 222 (b) of that act (relating to refusal of a disability insurance beneficiary to accept rehabilitation services).

Effective date

Section 101 (g) of the bill provides that the amendments made by section 101 shall be effective for monthly benefits beginning with the month after the second month following the month of enactment,

and for lump-sum death payments where death occurs after that second month.

Transitional conversion from disability insurance benefit to primary insurance amount

Section 101 (h) of the bill is a special transitional provision which will apply to an individual who was entitled to a disability insurance benefit for the second month following the month of enactment of the bill and who died or became entitled to old-age insurance benefits in the third month following the month of enactment. Under the general rule in section 215 (a) (4), as set out in section 101 (a) of the bill, an individual entitled to a disability insurance benefit in the month before he dies or becomes entitled to old-age insurance benefits will have as his primary insurance amount (for retirement or survivor benefits) the amount in column IV of the table that is equal to his disability insurance benefit, if that is the largest amount to which he could become entitled. In the situation outlined above, the individual's disability insurance benefit, since it was derived from a primary insurance amount determined under the present law, does not have any direct tie in with column IV of the table, which contains the new benefit amounts. Thus, the general rule cannot be applied to this individual. Instead, section 101 (h) of the bill provides that his primary insurance amount shall be the amount in column IV of the table on the same line in column II on which appears his present primary insurance amount. (This primary insurance amount in col. II is equal to his disability insurance benefit under present law.)

Saving provision

Section 101 (i) of the bill is a saving clause which would prevent benefits from being reduced because certain provisions of present law are not applicable to benefits for months after the effective date. Where benefits are payable retroactively (in accordance with sec. 202 (j) (1) of the Social Security Act) for months before the effective date, the primary insurance amount on which the benefits for these months are based will be computed under the provisions of present law. If the amount so computed is larger than the amount as computed under section 215 as amended by the bill, this larger amount will be the individual's primary insurance amount for months after the effective date. If such primary insurance amount is not a multiple of a dollar, it will be rounded to the next higher dollar.

SECTION 102.—INCREASE IN WAGE BASE FROM \$4,200 TO
\$4,800

Definition of wages

Section 102 (a) of the bill amends paragraph (2) of section 209 (a) of the Social Security Act (relating to the definition of "wages") to make the new \$4,800 wage base applicable to wages after 1958.

Definition of self-employment income

Section 102 (b) of the bill amends paragraph (1) of section 211 (b) of the Social Security Act (relating to the definition of "self-employment income") to make the new \$4,800 wage base applicable for taxable years ending after 1958.

Quarter and quarter of coverage

Section 102 (c) of the bill amends clauses (ii) and (iii) of section 213 (a) (2) (B) of the Social Security Act (relating to the definition of "quarter of coverage") to provide that, for calendar years after 1958, an individual shall be credited with a quarter of coverage for each quarter of the year if his wages for that year equal \$4,800 (rather than \$4,200 as in present law). He would also be credited with a quarter of coverage for each quarter of a taxable year ending after 1958 in which the sum of his wages and self-employment income equal \$4,800 (rather than \$4,200).

Average monthly wage

Subsection 102 (d) of the bill amends section 215 (e) of the Social Security Act (relating to the amount of annual earnings that can be counted in computing an individual's average monthly wage) so as to increase from \$4,200 to \$4,800 the maximum amount of annual earnings that may be counted in the computation of old-age, survivors, and disability insurance benefits, effective for calendar years after 1958, and to conform a reference to subsection 215 (d) to the changes made in that subsection by the bill.

**TITLE II—AMENDMENTS RELATING TO DISABILITY FREEZE AND
DISABILITY INSURANCE BENEFITS****SECTION 201. APPLICATION FOR DISABILITY
DETERMINATION**

Section 201 of the bill amends section 216 (i) (2) of the Social Security Act, which defines the term "period of disability," to effect a clarifying change. The amendment makes it clear that the disabled person must file an application while under the disability with respect to which he seeks to secure a "disability freeze."

Section 201 further amends section 216 (i) (2) of the act to provide that a period of disability may begin as early as the first day of the 18-month period which ends with the day before the day on which an individual files application for a disability determination. Section 216 (i) (2) of the Social Security Act now provides that a period of disability may begin no earlier than the first day of the 1-year period which ends with the day before the day on which the individual files application. This amendment is (under sec. 207 of the bill) effective with respect to applications for disability determinations filed after June 1961. Applications for a disability determination filed on or before June 30, 1961, are governed by section 216 (i) (4) of the Social Security Act, amended by section 203 of the bill.

**SECTION 202. RETROACTIVE PAYMENT OF DISABILITY
INSURANCE BENEFITS**

Section 202 (a) of the bill amends section 223 (b) of the Social Security Act to provide that an individual who would have been entitled to a disability insurance benefit for any month after June 1957 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the 12th month immediately succeeding

such month. Under the existing law, applications filed prior to January 1958 were effective as far back as July 1, 1957, if the applicant was eligible. No benefits are now payable for months ending prior to the filing of an application where the application is filed after 1957.

Section 202 (b) of the bill amends section 223 (c) (3) of the Social Security Act, which defines the term "waiting period" for purposes of disability-insurance benefits, to provide that a waiting period may begin as early as the 1st day of the 18th month before the month in which an application for disability-insurance benefits is filed. The amendment complements the amendment in subsection (a). Section 223 (c) (3) of the act now provides that a waiting period may begin no earlier than the 1st day of the 6th month before the month in which an application is filed.

SECTION 203. RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY DETERMINATION

Section 203 of the bill amends paragraph (4) of section 216 (i) of the Social Security Act to extend for 3 years (through June 30, 1961) the time within which disabled workers can file applications on the basis of which the beginning of a period of disability would be established as early as the actual onset of disablement (provided the other requirements of the law are met). It also eliminates a provision of this paragraph (requiring the applicant to be alive on July 1, 1955) which by virtue of the effective date applicable to this section would no longer be necessary.

SECTION 204. INSURED STATUS REQUIREMENTS

Period of disability

Section 204 (a) of the bill amends section 216 (i) (3) of the Social Security Act in two respects. It would remove the requirement that, in order for a period of disability to begin with respect to any quarter, an individual have 6 quarters of coverage during the 13-quarter period ending with such quarter. The second amendment would add a new requirement that an individual be fully insured. This new requirement will be satisfied with respect to any quarter if the individual would have been fully insured in such quarter had he attained retirement age and filed application for old-age insurance benefits on the first day of such quarter. Substantially the same requirement is already contained in section 223 (relating to disability-insurance benefits). It, of course, is met now by anyone who complies with the other requirement for the disability freeze and disability-insurance benefits—that he have 20 quarters of coverage during the last 40 quarters.

Disability insurance benefits

Section 204 (b) amends section 223 (c) (1) (A) of the act to remove the requirement that, in order to be insured for disability-insurance benefits in any month, an individual must be currently insured (as defined in sec. 214 of the act). This is in effect the same as the first amendment described above for the disability freeze.

SECTION 205. BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE BENEFICIARIES AND ELIMINATION OF THE OFFSET PROVISIONS

Payments from disability insurance trust fund

Section 205 (a) of the bill amends section 201 (h) of the Social Security Act to provide that the payment of monthly benefits of individuals entitled thereto on the basis of the wages and self-employment income of any individual entitled to disability-insurance benefits shall be made from the Federal disability insurance trust fund.

Wife's insurance benefits

Paragraph (1) of section 205 of the bill amends section 202 (b) of the act to provide that the wife of an individual entitled to disability-insurance benefits shall be entitled to wife's insurance benefits if she otherwise meets the existing requirements applicable to the wife of an individual entitled to old-age insurance benefits.

Paragraph (2) of subsection (b) amends paragraph (1) of section 202 (b) of the act to provide that the entitlement of a wife of a disability-insurance beneficiary shall terminate if her husband's entitlement to disability-insurance benefits ceases before he has attained retirement age.

Husband's insurance benefits

Paragraph (1) of section 205 (c) of the bill amends section 202 (3) (1) (C) of the act. Under this section of present law, a husband of an individual entitled to old-age insurance benefits, in order to be entitled to husband's insurance benefits, must have been receiving at least one-half of his support from such individual at the time she became entitled to such benefits. Under the amendment, the husband of an individual entitled to old-age insurance benefits or disability-insurance benefits will meet this support requirement in case such individual had a period of disability which did not end prior to her entitlement to such benefits, if he was receiving at least one-half of his support from such individual either at the beginning of her period of disability or at the time she became entitled to such benefits. Proof of such support must be filed within 2 years after the month in which she filed application with respect to such period of disability or 2 years after she became entitled to such benefits, depending on whether the support was claimed as of the beginning of the period of disability or the time she became entitled to old-age or disability-insurance benefits.

Paragraph (2) of section 205 (c) further amends section 202 (c) of the act to provide that the husband of a currently insured individual entitled to disability-insurance benefits shall be entitled to husband's insurance benefits if he otherwise meets the requirements applicable to the husband of an individual entitled to old-age insurance benefits.

Paragraph (3) of section 205 (c) amends section 202 (c) (1) of the act to provide that a husband's entitlement to husband's insurance benefits based on his wife's entitlement to disability-insurance benefits shall terminate in the event she ceases, before she becomes entitled to old-age insurance benefits, to be entitled to disability-insurance benefits.

Child's insurance benefits

Section 205 (d) of the bill amends section 202 (d) (1) of the act to provide monthly benefits for the child of a disability insurance beneficiary. The amendment also adds, as a time at which the dependency of a child on an individual is determined in certain cases, the beginning of a period of disability. If the parent has had a period of disability which did not end before he became entitled to old-age or disability insurance benefits or died, the dependency of the child may be determined as of the beginning of such period, at the time the parent became entitled to such benefits, or at the time of his death. Under the revised section 208 (d) (1) of the act, the benefits payable to the child of a disability insurance beneficiary would terminate with the month before the month in which the disability insurance beneficiary ceases to be entitled to such benefits unless he is, for the month in which he ceases to be so entitled, entitled to old-age insurance benefits or unless he dies in such month. The other bases for terminating the child's insurance benefits in existing law (e. g., death, attainment of age 18 when not under a disability, etc.) would also apply.

Widower's insurance benefits

Section 205 (e) of the bill amends section 202 (f) (1) (D) of the act. Under this section of present law, in order to be entitled to widower's insurance benefits, the widower of an individual who died a fully and currently insured individual must have been receiving one-half of his support from such individual at the time of her death or at the time she became entitled to old-age insurance benefits. Under this amendment, if the woman worker had a period of disability which did not end before her death or before she became entitled to old-age or disability insurance benefits, the support requirement would be met if the widower was receiving at least one-half of his support from her at the time her period of disability began, or at the time of her death, or at the time she became entitled to old-age or disability insurance benefits. Proof of support must be filed within 2 years after the month in which she filed application with respect to her period of disability, or 2 years after the date of her entitlement or death, depending on the time as of which the support is claimed.

Mother's insurance benefits

Section 205 (f) of the bill amends section 202 (g) (1) (F) of the act to provide that, in the case of a former wife divorced, the requirement that she be receiving at least one-half of her support from him may be met, if her deceased former husband had a period of disability which did not end prior to his death, either at the time such period began or at the time of his death.

Parent's insurance benefits

Section 205 (g) of the bill amends section 202 (h) (1) (B) of the act to provide that the requirement that a parent be receiving at least one-half of his support from the deceased individual may be met, if such individual had a period of disability which did not end prior to his death, either at the time such period began or at the time of the individual's death. Proof of such support must be filed within 2 years

after such period began or two years after the date of such death, depending on the time as of which the support is claimed.

Simultaneous entitlement to benefits

Section 205 (h) of the bill amends section 202 (k) of the Act to make it applicable in the case of receipt by an individual of both disability insurance benefits and other benefits. The amended section would provide that whenever an individual is entitled to more than one monthly benefit (other than an old-age or disability insurance benefit) he shall be entitled to only the largest of such monthly benefits. If the individual is entitled to a disability insurance benefit for any month and to any other monthly insurance benefit for such month, such other benefit, after any reduction under section 202 (q) (relating to actuarial reduction of benefits in the case of certain female beneficiaries) and any reduction under section 203 (a) (relating to maximum benefits), shall be reduced, but not below zero, by an amount equal to the disability insurance benefit.

Adjustment of benefits of female beneficiary

Section 205 (i) of the bill amends section 202 (q) of the act (relating to actuarial reduction of benefits of female beneficiaries who receive wife's or old-age insurance benefits prior to age 65). This section now provides for redetermination of the amount of these benefits when the beneficiary becomes 65 to eliminate future reductions on account of months before 65 when her benefits were subject to reductions. The amendment would also provide for eliminating future reductions on account of the months for which she was no longer entitled to her benefits because her husband's disability ended or for which her benefits were suspended because of his refusal, without good cause, to accept available vocational rehabilitation.

Deduction provision

Section 205 (j) of the bill amends section 203 (c) of the act to make it clear that it applies only to benefits based on the record of an old-age insurance beneficiary. This section of the law provides for reductions from dependents benefits on account of earnings of the old-age insurance beneficiary.

Circumstances under which deductions not required

Section 205 (k) of the bill amends section 203 (h) of the act, which deals with cases in which deductions, which would otherwise be made from the benefits of a member of a household, are not made because the total of the benefits to all members of the household would remain the same. The amendment takes account of the repeal of section 224 (by sec. 206 of the bill) which relates to reduction of benefits based on disability in cases in which benefits under certain other programs are payable to the same beneficiary on account of disability.

Currently insured individual

Section 205 (l) of the bill amends section 214 (b) of the act to include in the definition of "currently insured individual," an individual who has not less than 6 quarters of coverage during the 13-quarter period ending with the quarter in which he became entitled to disability insurance benefits. Any quarter any part of which was included in a period of disability would not be counted as a part of the 13-quarter period unless such quarter was a quarter of coverage. This

definition now relates only to cases of individuals who die or have become entitled to old-age insurance benefits.

Rounding of benefits

Section 205 (m) of the bill amends section 215 (g) of the act, which relates to the rounding of benefit amounts (to multiples of \$0.10) to take account of the repeal of section 224 (relating to the reduction of benefits based on disability).

Deduction on account of refusal to accept rehabilitation services

Section 205 (n) of the bill amends section 222 (b) of the act to provide that deductions shall be made from the benefits of a wife, husband, or child, entitled on the basis of the earnings record of a worker entitled to disability insurance benefits, for any month in which the disabled worker refuses, without good cause, to accept rehabilitation services and he suffers deductions from his benefits on account of the refusal.

Suspension of benefits based on disability

Section 205 (o) of the bill amends section 225 of the act to provide that whenever the benefits of a disability insurance beneficiary are suspended for any month, pending a determination as to whether or not his disability has ceased, the benefits to which his dependents are entitled on the basis of his earnings record shall also be suspended for such month.

SECTION 206. REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

Section 206 of the bill repeals section 224 of the Social Security Act, which requires that the disability insurance benefit, and the child's insurance benefit, of a disabled child who has attained age 18, be reduced by the amount of any other periodic Federal benefit (except compensation paid to a veteran by the Veterans' Administration for his service-connected disability, a reduction which was eliminated last year) or State workmen's compensation benefit paid on account of disability. The repeal of section 224 is effective with respect to benefits for the month in which the bill is enacted and succeeding months.

SECTION 207. EFFECTIVE DATES

Section 207 (a) provides effective dates for the amendments made by title II of the bill.

The amendments relating to applications for a disability determination (sec. 201 of the bill) would apply with respect to applications filed after June 1961.

The amendments relating to the retroactive payment of disability-insurance benefits (sect. 202 of the bill) would apply with respect to applications filed after December 1957.

The amendments relating to the retroactive effect of applications for disability determinations (sec. 203 of the bill) would apply with respect to applications filed after June 1958.

The amendments relating to the insured status requirements for a disability freeze and for disability insurance benefits (sec. 204 of the bill) would apply with respect to (1) applications for disability-insur-

ance benefits or for a disability determination filed on or after the date of enactment of the bill, and (2) applications for such benefits or for such a determination filed after 1957 and prior to date of enactment of the bill if notice to the applicant of the decision of the Secretary of Health, Education, and Welfare with regard to the application has not been given on or prior to the date of enactment of the bill. No benefits for the month in which the bill is enacted or for any prior month would be payable or increased by reason of these amendments. Redetermination of the amount of monthly benefits to exclude periods of disability established by virtue of these amendments would not be prevented by the limitations placed on benefit recomputations by section 215 (f) (1) of the law.

The amendments relating to benefits for the dependents of disability insurance beneficiaries (sec. 205 of the bill) would apply with respect to monthly benefits under title II of the Social Security Act for months after the month in which the bill is enacted, but only if application for such benefits is filed on or after the date of enactment of the bill. The provision relating to repeal of reduction of benefits based on disability (sec. 206 of the bill) would apply with respect to monthly benefits under title II of the Social Security Act for the month in which the bill is enacted and succeeding months.

Section 207 (b) of the bill provides that in the case of an individual who would not be entitled to monthly benefits under section 202 of the act as a husband, widower, former wife divorced, or parent except for the enactment of section 205 of the bill, the requirement that such an individual file proof of support within a 2-year period shall not apply if such proof is filed within 2 years after the month in which the bill is enacted.

TITLE III—PROVISIONS RELATING TO ELIGIBILITY OF CLAIMANTS FOR SOCIAL SECURITY BENEFITS, AND MISCELLANEOUS PROVISIONS

SECTION 301. ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS BENEFITS

Husband's insurance benefits

Section 301 (a) (1) amends section 202 (c) of the Social Security Act by making inapplicable in certain cases the requirement for husband's insurance benefits that the wife be currently insured and that the husband be dependent on her—cases in which the husband was actually or potentially entitled to widower's, parent's, or (disabled) child's insurance benefits in the month before his marriage to the person on the basis of whose earnings he is claiming husband's insurance benefits.

Section 301 (a) (2) amends the definition of "husband" in section 216 (f) of the Social Security Act to include a man who in the month prior to the month of his marriage to an individual was actually or potentially entitled to widower's, parent's, or (disabled) child's benefits. Under existing law, he must be married to her for at least 3 years or be the father of her son or daughter.

Widow's insurance benefits

Section 301 (b) (1) amends subparagraph (B) of section 202 (e) (3) of the Social Security Act to provide for reinstating widow's benefits which were terminated because the widow remarried in cases where the widow's husband dies within 1 year after the remarriage and he was not fully insured. Present law permits reinstatement of widow's benefits only if the new husband dies within 1 year and she does not qualify as his widow.

Section 301 (b) (2) amends the definition of "widow" in section 216 (c) of the Social Security Act by eliminating the requirement that the woman have been married to the man for at least a year in cases where a woman's deceased husband had legally adopted her son or daughter while she was married to him and while the son or daughter was under age 18. The 1-year marriage requirement is removed also for cases in which, in the month before the month of a woman's marriage to the person on the basis of whose earnings she is claiming benefits, she was actually or potentially entitled to widow's, parent's, or (disabled) child's insurance benefits.

Widower's insurance benefits

Section 301 (c) (1) amends section 202 (f) of the Social Security Act by making inapplicable in certain cases the requirement for widower's insurance benefits that the deceased wife have been a currently insured person and that the widower have been dependent on her—cases in which he was actually or potentially entitled to parent's or (disabled) child's insurance benefits in the month prior to his marriage to her.

Section 301 (c) (2) amends the definition of "widower" in section 216 (g) of the Social Security Act to include a man whose son or daughter was adopted by the deceased wife while he was married to her and while the son or daughter was under age 18. Also included would be a man who, in the month before his marriage to the person on the basis of whose earnings he is claiming benefits, was actually or potentially entitled to widower's, parent's, or (disabled) child's insurance benefits.

Definition of "wife"

Section 301 (d) amends the definition of "wife" in section 216 (b) of the Social Security Act to include a woman who, in the month prior to the month of her marriage to the individual on whose record benefits are claimed, was actually or potentially entitled to widow's, parent's, or (disabled) child's insurance benefits.

Definition of "former wife divorced"

Section 301 (e) amends the definition of "former wife divorced" in section 216 (d) of the Social Security Act to include the woman whose husband legally adopted her son or daughter while she was married to him and while the child was under age 18.

Effective date

Section 301 (f) provides that the amendments made by section 301 shall apply with respect to monthly benefits for months following the month in which the amendments are enacted, but only if an application for the benefits is filed on or after the date of enactment.

SECTION 302. ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS BENEFITS

Definition of "child"

Section 302 (a) amends the definition of "child" in section 216 (e) of the Social Security Act to include the legally adopted child of a retired person without compliance with the requirement in present law that the child have been adopted for at least 3 years. It further includes a child who was living as a member of a deceased person's household would be considered the adopted child of the deceased person if, at the time that person died, the child was not receiving regular contributions toward his support from someone other than the deceased or his spouse or from a welfare organization furnishing services or assistance for children, and if the surviving spouse legally adopts the child within 2 years after that person dies.

Effective date

Section 302 (b) provides that the amendment made by section 302 shall apply with respect to monthly benefits beginning after the date of enactment of the bill, but only if an application for the benefits is filed, on or after that date.

SECTION 303. ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S INSURANCE BENEFITS

Section 303 adds a new paragraph (3) to section 202 (g) of the Social Security Act to provide that, where mother's benefits were terminated because of the remarriage of a widow or former wife divorced, they shall be reinstated if the remarriage is ended within 1 year by the husband's death and if she is not his "widow" as defined in the law. Benefits under this section would not be payable earlier than the month in which the husband dies, the 12th month before the month in which an application is filed to reinstate the earlier benefits, or the month after the month in which these amendments are enacted, whichever is the latest.

SECTION 304. ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

Provisions relating to eligibility

Section 304 (a) amends section 202 (h) (1) of the Social Security Act by removing the bar to payment of parent's insurance benefits where a widow or child actually or potentially entitled to benefits survives a deceased worker. The amendment is made effective for months following the month in which the bill is enacted, but only if an application for benefits is filed on or after the date of enactment.

Deaths before effective date

Section 304 (b) is a saving clause to provide that benefits for persons who are on the benefit rolls when the amendment made by subsection (a) becomes effective shall not be reduced, through the operation of the provisions which limit the amount of the benefits which may be paid on the basis of a single earnings record (sec. 203 (a) of

the Social Security Act), because of a parent's entitlement which results from the provisions of this section of the bill.

Proof of support in cases of deaths before effective date

Section 304 (c) extends, for parents entitled to benefits under the provisions of this section, for 2 years after the month in which this bill is enacted, the period in which a parent may file proof of support by the deceased son or daughter in order to qualify for such benefits.

SECTION 305. ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

Requirement that surviving spouse be a member of deceased's household

Section 202 (i) of present law provides that a spouse may receive a lump-sum death payment on the death of the worker if he or she was "living with" the worker at the time of death. The term "living with" is defined to mean that the spouse was living in the same household with the worker, or that the spouse was receiving regular contributions from the worker, or that the worker was under a court order to contribute to the spouse's support.

Section 305 (a) amends section 202 (i) to delete this provision and substitute a requirement that the spouse be living in the same household with the worker at the time of death.

Section 305 (b) removes the definition of "living with" from section 216 (h) of the Social Security Act since it is no longer required for any purpose.

Effective date

The amendments made by section 305 are made effective for lump-sum payments based on the earnings of workers who die after the month of enactment.

SECTION 306. ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE BENEFITS

Provisions relating to dependency

Section 306 (a) amends section 202 (d) of the Social Security Act to provide that the dependency of a disabled child who is over 18 (a condition of his eligibility for benefits) shall be determined in the manner provided in present law for the child who is under age 18. This would eliminate the special, additional, requirement that the disabled child over 18 be receiving at least half his support from the worker in order to be deemed dependent on him.

Effective date

The amendment is made effective for monthly benefits payable after the month in which this bill is enacted, but only if an application for such benefits is filed on or after the date of enactment of the bill.

SECTION 307. ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING CERTAIN SURVIVORS BENEFITS

Child's insurance benefits

Section 307 (a) amends section 202 (d) of the Social Security Act to provide that a (disabled) child's insurance benefits shall not be terminated because of marriage of the (disabled) child marries a person entitled to old-age insurance benefits, disability insurance benefits, widow's insurance benefits, widower's insurance benefits, mother's insurance benefits, or parent's insurance benefits. In the case of such child's marriage to a man entitled to disability insurance benefits or (disabled) child's insurance benefits, her benefits will end when her spouse is no longer entitled to his benefits unless the spouse dies or, in case he was entitled to disability insurance benefits, he becomes entitled to an old-age insurance benefit.

Widow's insurance benefits

Section 307 (b) amends section 202 (e) of the Social Security Act to provide that a widow's insurance benefits shall not be terminated by reason of the remarriage if the remarriage is to a person entitled to widower's, parent's, or (disabled) child's insurance benefits. In case of her remarriage to an individual entitled to (disabled) child's insurance benefits, her entitlement will end if he ceases to be under a disability.

Widower's insurance benefits

Section 307 (c) amends section 202 (f) of the Social Security Act to provide that a widower's insurance benefits shall not be terminated because of his remarriage if the remarriage is to a person entitled to widow's, mother's, parent's, or (disabled) child's insurance benefits.

Mother's insurance benefits

Section 307 (d) amends section 202 (g) of the Social Security Act to provide that a mother's insurance benefits shall not be terminated by reason of her remarriage if the remarriage is to a person entitled to old-age, disability, widower's, parent's, or (disabled) child's insurance benefits. In case of her remarriage to an individual entitled to (disabled) child's insurance benefits, her entitlement will end if he ceases to be under a disability.

Parent's insurance benefits

Section 307 (e) amends section 202 (h) of the Social Security Act to provide that a parent's insurance benefits shall not be terminated because of remarriage if the remarriage is to a person entitled to widow's, widower's, mother's, parent's or (disabled) child's insurance benefits. In case the remarriage is to a male individual entitled to (disabled) child's insurance benefits, the female parent's entitlement will end if her new husband ceases to be under a disability.

Deduction provisions

Section 307 (f) amends section 203 (c) of the Social Security Act by redesignating the present subsection (c) as paragraph (1) of subsection (c) and adding a new paragraph (2) to provide for deductions from a (disabled) child's or mother's insurance benefits for any month in which the person entitled thereto is married to someone

entitled to an old-age insurance benefit who incurs deductions from his old-age insurance benefits because of his earnings.

Deductions on account of refusal to accept rehabilitation services

Section 307 (g) amends section 222 (b) of the Social Security Act to provide for deductions from a (disabled) child's or mother's insurance benefits for any month in which the person entitled thereto is married to someone entitled to disability insurance benefits who incurs deductions for refusal to accept rehabilitation services.

Effective date

Section 307 (h) provides that the amendments made by section 307 (other than the amendments to the deduction provisions made by subsections (f) and (g)) shall be effective for months following the month in which this bill is enacted. In the case of benefits terminated before enactment which would not have been terminated had this bill been in effect. However, the amendments will be effective only if an application for such benefits is filed after the month in which the bill is enacted. The amendment made by subsection (f) applies to benefits for months in any taxable year of the working spouse beginning after the month in which this bill is enacted; the amendment made by subsection (g) applies to benefits for months after such month of enactment in which deductions are incurred by the spouse for refusal to accept rehabilitation services.

SECTION 308. AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF BENEFITS

Section 308 of the bill makes several changes in section 203 of the Social Security Act, which relates to imposition of deductions from old-age and survivors insurance benefits on account of earnings over the exempt amount or occurrence of other events.

Section 308 (a) of the bill amends section 203 (e) (2) of the act to change the order of charging earnings in excess of the exempt amount (\$1,200 for a full taxable year) to months of the taxable year. Excess earnings are to be charged (at the rate of \$80 per month) to the first month of the taxable year and then to each succeeding month, instead of (as under existing law) to the last month and then to each preceding month.

Section 308 (b) of the bill amends section 203 (e) (3) (A) of the act to make a conforming change.

Section 308 (c) of the bill amends sections 203 (e) (2) (D) and 203 (e) (3) (B) (ii) of the act to increase from \$80 to \$100 the amount of wages that a beneficiary may earn in a month without having benefits withheld even if excess earnings are charged to such month, as indicated above, provided he does not perform substantial services in self-employment in such month. (This change does not affect the provision, described above, which requires that earnings in excess of the exempt amount be charged to the months of the year in units of \$80.)

Section 308 (d) of the bill amends section 203 (g) (1) of the act to provide that a beneficiary who has had his benefits suspended under the earnings test for all months (of a taxable year) in which he is under 72, do not have to file an annual report of earnings with

the Secretary for that year. It further provides that the beneficiary (or his survivors) has a period of 3 years, 3 months, and 15 days after the close of the year in which to file information that benefits are due for any month in the year; if this is not done, no benefits shall be paid for such month.

Section 308 (e) makes a conforming change in section 203 (1) of the act, which relates to good cause for failure to make required reports. Section 308 (f) of the bill makes the amendments made by the section effective for taxable years beginning after the month of enactment.

SECTION 309. REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Section 309 of the bill amends section 206 of the Social Security Act to eliminate the requirement that an attorney desiring to represent claimants before the Secretary must, as a matter of course, file a certificate of his right to practice.

SECTION 310. OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

Section 310 amends section 208 of the Social Security Act, which is designed to protect the old-age and survivors system against fraud.

The present section 208 specifically applies to the making of false statements (such as tax returns, tax claims, and the like) about covered earnings for the purpose of obtaining or increasing benefits; and to the making of false statements, affidavits, or documents in connection with an application for benefits, regardless of whether made by the applicant or some other person. Section 310 of the bill amends section 208 to make the penalty provision clearly applicable in connection with willful failure to disclose material information as well as positive action; in connection with noncovered as well as covered earnings; and in connection with suspensions, terminations, and misuse of benefits, and disability determinations, as well as in connection with applications for benefits. The penalty provision would thereby be clarified and brought up to date to take account of major amendments to the program adopted in 1954 and 1956, such as the provisions on disability and the application of the earnings test to noncovered work.

SECTION 311. SICK-LEAVE PAY OF STATE AND LOCAL EMPLOYEES

Section 209 (i) of the Social Security Act excludes from wages remuneration paid to an individual who has reached retirement age if the employee did not work for the employer during the pay period unless the pay is "vacation or sick pay." Subsection (a) of section 311 of the bill amends section 209 (i) to include as sick pay any remuneration for service in the employ of a State or local government which is paid during any period he is absent from work on account of sickness. Subsection (b) provides that the change made by subsection (a) will apply to payments made after enactment. It will

also apply to payments made before enactment if the State has paid, or agrees before January 1, 1959, to pay, the amount that would have been payable to cover such payments for all employees of the coverage group (of which the employees in question are members) had the amendment made in subsection (a) been in effect on or after January 1, 1951. If such payments are not made prior to January 1, 1959, interest will be charged as on any other overdue payment.

SECTION 312. EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN

Section 312 (a) of the bill amends section 210 (a) (1) of the Social Security Act by removing the specific exclusion from employment of service performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum, spirits of turpentine, and gum resin, if such processing is carried on by the original producer of the crude gum. Subsection (b) provides that the amendment made by subsection (a) shall apply to service performed after 1958.

SECTION 313. EMPLOYMENT FOR NONPROFIT ORGANIZATION

Section 313 (a) of the bill amends section 210 (a) (8) (B) of the Social Security Act to make the exclusion from employment now provided by section 210 (a) (8) (B) conform to the changes that section 405 of the bill makes in section 3121 (k) of the Internal Revenue Code of 1954. Subsection (b) provides that the amendment made by subsection (a) shall be effective with respect to certificates filed after the date of enactment.

SECTION 314. PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

Section 314 (a) of the bill provides for the crediting of a deceased partner with a share of the partnership's earnings or loss, for social-security purposes, for the year of his death. A detailed discussion of this amendment appears in the explanation (in this report) of section 403 (a) of the bill.

Section 314 (b) of the bill provides that the amendment made by subsection (a) shall apply with respect to individuals who die after the date of enactment of the bill; and with respect to individuals who die after 1955 and on or before the date of enactment, but only if the requirements of section 403 (b) (2) of the bill are met.

SECTION 315. GRATUITOUS WAGE CREDITS FOR UNITED STATES CITIZENS FOR ACTIVE SERVICE IN ARMED FORCES OF WORLD WAR II ALLIES

General rule

Section 315 (a) of the bill amends section 217 of the Social Security Act to extend the noncontributory wage credits, provided under section 217 of the act, to certain American citizens who, prior to Decem-

ber 9, 1941, entered the active military or naval service of countries that, on September 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of \$160 would be provided for each month of such service performed after September 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a United States citizen throughout the period of his active service or have lost his United States citizenship solely because of his entrance into such active service. He must have resided in the United States for at least 4 years during the 5-year period ending on the day of his entrance into such active service and must have been domiciled in the United States on such day. Separation from such active service must either have been (1) through discharge under conditions other than dishonorable after active service of at least 90 days or by reason of an injury incurred or aggravated in line of duty, or (2) through death in such service.

Paragraph (2) of the new subsection provides that the parent of an individual to whom paragraph (1) applies shall have 2 years after the date of enactment of the bill, or after the date of the death of such individual, whichever is later, in which to file proof of support as required in section 202 (h) of the Social Security Act.

Reimbursement to disability insurance trust fund

Section 315 (b) of the bill makes a technical change in section 217 (g) of the Social Security Act, which authorizes appropriations to reimburse the "trust fund" for costs arising out of the granting of non-contributory wage credits under such section 217. The term "trust fund" is changed to "trust funds," in recognition of the creation of the separate Federal disability insurance trust fund by the 1956 amendments.

Effective date

Paragraph (1) of section 315 (c) of the bill provides that the amendment made by section 315 (a) shall apply only with respect to monthly benefits under sections 202 and 223 of the Social Security Act for months after the month in which the bill is enacted, to lump-sum death payments under section 202 of the act in the case of deaths occurring after the month in which the bill is enacted, and to periods of disability under section 216 (i) of the act in the case of applications for a disability determination filed after the month in which the bill is enacted.

Paragraph (2) of section 315 (c) of the bill provides that the primary insurance amount of an individual to whom the amendment made by section 315 (a) of the bill is applicable shall be recomputed to reflect, in any benefit to which such individual (or his survivors) may already be entitled, the wage credits provided by the amendment made by section 315 (a) of the bill.

SECTION 316. POSITIONS COVERED BY STATE AND LOCAL RETIREMENT SYSTEMS

Division of retirement systems

Paragraph (1) of section 316 (a) of the bill divides section 218 (d) (6) of the act into a number of subparagraphs, and modifies the provisions of such section which permit coverage to be extended to only those members of a retirement system who desire such coverage. These provisions are modified in three ways.

First, the State of Massachusetts is added to the list of States to which such provisions apply.

Second, the provisions (for extending coverage to only those members of a retirement system who desire such coverage) are modified by the addition of a new subparagraph (E) which makes coverage available, under these provisions, for persons who have an option to join a State or local system but who have not chosen to become members of the system. If the modification providing coverage under the divided retirement system procedure is approved after 1959, individuals having an option to join the State or local system would have to be treated in the same manner as members of the system; the State would have no option as to the treatment of such individuals. However, if the modification is approved before 1960, the State would have the option as to whether these persons would be given an opportunity, under the divided retirement system provision, of securing coverage. In the case of coverage actions which have been completed (whether before or after enactment date) coverage could be made available by the State, if it so desired, to persons having an option to join a State or local system under the procedure (described below) provided for in a new subparagraph (F).

Third, the provisions for covering only those members of a retirement system who desire such coverage would be modified by the addition of a subparagraph (F). This new subparagraph would give individuals who are in the group of persons which did not desire coverage another chance to obtain coverage. The State could transfer these persons to the group of persons desiring coverage if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary before 1960, or, if later, within 1 year after coverage was approved for the group which elected in favor of coverage. Coverage could be provided under this procedure only for those persons who filed a request therefor with the State before the date of approval by the Secretary of the modification providing for the coverage of the additional persons.

Paragraph (2) of section 316 (a) of the bill amends section 218 (d) (7) of the act (providing a simplified procedure for social security coverage under the provisions of sec. 218 (d) (6) which relate to extension of coverage to those persons under retirement systems desiring such coverage) to take account of the rearrangement of section 218 (d) (6).

Paragraph (3) of section 316 (a) of the bill amends section 218 (k) (2) of the act, which makes applicable to interstate instrumentalities the provisions of section 218 (d) (6) which permit the extension of coverage to only those persons under retirement systems who desire such coverage. Paragraph (3) makes applicable to interstate

instrumentalities the provisions of paragraph (1) of the bill which relate to the coverage of an individual who is not a member of a State or local retirement system but is eligible to become a member of such system. Paragraph (3) further amends section 218 (k) (2) of the act to take into account the rearrangement of section 218 (d) (6).

Coverage under other retirement systems

Section 316 (b) amends section 218 (d) of the act by adding a new paragraph (8) to facilitate coverage for persons in positions which are covered under more than one State or local retirement system. Subparagraph (A) of the new paragraph provides that if, after December 31, 1958, an agreement is made applicable to service in positions covered by a State or local retirement system, service performed by an individual in a position covered by such a system may not be excluded from the agreement because the position is also covered under another retirement system. Subparagraph (B) of the new paragraph provides that subparagraph (A) shall not apply to services performed by an individual in a position covered under a retirement system if such individual, on the day the agreement is made applicable to service performed in positions covered by such retirement system, is not a member of such system but is a member of another system. Subparagraph (C) provides that in cases where, prior to 1959, an agreement is made applicable to service in positions covered by any retirement system, the State may modify the agreement to make subparagraphs (A) and (B) applicable to such system. Thus, in the case of retirement systems brought under coverage before 1959, the operation of subparagraphs (A) and (B) would be at the option of the State; in the case of retirement systems brought under coverage after 1958 subparagraphs (A) and (B) would apply automatically. The new subparagraph (D) states that nothing in the paragraph authorizes the application of an agreement to services in any policeman's or fireman's position in those States where such coverage is not specifically authorized in the act.

Retroactive coverage for certain State and local government employees

Section 316 (c) of the bill amends section 218 (f) of the act by adding a new paragraph (2) to make retroactive coverage available under State agreements to certain persons whose employment with the State or locality may be terminated before the agreement or modification extending coverage to the individual's position is executed. Under present law only persons who are employed on the date the coverage modification is executed may obtain retroactive coverage. Under the new paragraph the State could obtain retroactive coverage for all persons employed by the State or locality on a date specified by the State. The date specified could not be earlier than the date the State submits the modification. If no date is specified by the State, retroactive coverage would be available only for individuals who are still employees on the date the modification is approved by the Secretary. The new provision would be effective for agreements or modifications executed after the enactment date.

SECTION 317. POLICEMEN AND FIREMEN OF INTER-STATE INSTRUMENTALITIES

Section 317 of the bill amends section 218 (k) of the act by adding a new paragraph (3) to make coverage available to individuals in policemen's or firemen's positions covered by a retirement system who are employed by any instrumentality of two or more States. This coverage would be available on the same basis as in the specified States in which coverage is available (under 218 (p) of the act) to individuals in policemen's or firemen's positions.

TITLE IV—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

SECTION 401. CHANGES IN TAX SCHEDULES

Self-employment income tax

Section 401 (a) amends section 1401 of the Internal Revenue Code of 1954 to increase the social-security tax rate on self-employment income. Under present law the taxes on self-employment income are as follows:

Taxable years beginning after :	<i>Tax rate (percent)</i>
1956-----	3 $\frac{3}{8}$
1959-----	4 $\frac{1}{8}$
1964-----	4 $\frac{7}{8}$
1969-----	5 $\frac{5}{8}$
1974-----	6 $\frac{3}{8}$

The tax rates provided by the bill are as follows:

Taxable years beginning after :	<i>Tax rate (percent)</i>
1958-----	3 $\frac{3}{4}$
1959-----	4 $\frac{1}{2}$
1962-----	5 $\frac{1}{4}$
1965-----	6
1968-----	6 $\frac{3}{4}$

Tax on employees and employers

Sections 401 (b) and 401 (c) amend section 3101 and section 3111, respectively, of the Internal Revenue Code of 1954 to increase the social security tax rate on wages for both employees and employers. Under present law the tax rates are as follows:

Calendar years:	<i>Tax rate, employer and employee, each (percent)</i>
1957-59 inclusive-----	2 $\frac{1}{4}$
1960-64 inclusive-----	2 $\frac{3}{4}$
1965-69 inclusive-----	3 $\frac{1}{4}$
1970-74 inclusive-----	3 $\frac{3}{4}$
1975 and after-----	4 $\frac{1}{4}$

The tax rates provided by the bill are as follows:

Calendar years:	<i>Tax rate, employer and employee, each (percent)</i>
1959-----	2 $\frac{1}{2}$
1960-62 inclusive-----	3
1963-65 (inclusive)-----	3 $\frac{1}{2}$
1966-68 inclusive-----	4
1969 and after-----	4 $\frac{1}{2}$

Effective dates

Section 401 (d) provides that the amendment made by section 401 (a) of the bill, shall apply with respect to taxable years which begin after December 31, 1958, and that the amendments made by subsections (b) and (c) of section 401 of the bill shall apply with respect to remuneration paid after December 31, 1958.

SECTION 402. INCREASE IN TAX BASE*Definition of self-employment income*

Section 402 (a) of the bill amends section 1402 (b) (1) of the code by increasing the limitation on self-employment income subject to the self-employment tax (for taxable years ending after 1958) from \$4,200 to \$4,800.

Definition of wages

Section 402 (b) of the bill amends section 3121 (a) of the code, relating to the definition of the term "wages" for purposes of the Federal Insurance Contributions Act. Section 3121 (a) (1) of existing law provides that the term "wages" does not include that part of the remuneration paid within any calendar year by an employer to an employee which exceeds the first \$4,200 of such remuneration (exclusive of remuneration excepted from wages by the succeeding paragraphs of sec. 3121 (a)) paid within such calendar year by such employer to such employee for employment. The amendment would increase the amount of the limitation from \$4,200 to \$4,800 but otherwise would make no change in the provisions of section 3121 (a).

Federal service

Section 402 (c) of the bill amends section 3122 of the code, relating to Federal service, so as to conform the provisions of such section to the increase made by the bill in the limitation on wages from \$4,200 to \$4,800.

Special refunds of employee tax

Section 402 (d) of the bill amends section 6413 (c) of the code, relating to special refunds of employee tax paid on aggregate wages in excess of \$4,200 received by an employee from more than 1 employer during a calendar year, so as to conform (for calendar years after 1958) the special refund provisions to the increase made by the bill in the limitation on wages from \$4,200 to \$4,800.

Effective date

Under section 402 (e), the amendments made by subsections (b) and (c) of section 402 are made applicable only with respect to remuneration paid after 1958.

SECTION 403. PARTNER'S TAXABLE YEAR ENDING AS THE RESULT OF DEATH

Section 403 of the bill amends section 1402 of the Internal Revenue Code of 1954 by adding a subsection (f), relating to the computation of the "net earnings from self-employment" of a partner whose taxable year ends, because of his death, within the taxable year of the partnership.

General rule

Under section 1402 (a) of the 1954 Code the distributive share of partnership income which the partner is required to include in computing his net earnings from self-employment is based on the ordinary income or loss of the partnership for the taxable year of the partnership ending within or with the partner's taxable year. If the partner's taxable year ends, because of his death, on any day other than the last day of the partnership's taxable year, the partner's final taxable year would not include any part of the ordinary income or loss of the partnership for its current taxable year because such current taxable year does not end within the partner's last taxable year. Thus, for such partner's last taxable year no amount of his distributive share of the partnership income or loss for the current partnership taxable year would be included in his net earnings from self-employment.

The new section 1402 (f) provides that if, as a result of a partner's death, his taxable year ends within (but not with) the taxable year of the partnership there will be included in computing such partner's net earnings from self-employment for the taxable year ending with his death so much of the deceased partner's distributive share of the partnership's ordinary income or loss for the partnership taxable year as is not attributable to an interest in the partnership during any period beginning on the first day of the first calendar month following the month in which the partner died.

Under paragraph (1) of new section 1402 (f) the ordinary income or loss of the partnership is treated as if it had been realized or sustained ratably over the partnership taxable year for purposes of determining under new section 1402 (f) the deceased partner's distributive share which is attributable to any interest in the partnership during any period on or after the first day of the first calendar month following the month in which such partner died.

Under paragraph (2) of section 1402 (f) the term "deceased partner's distributive share" is defined, for purposes of the new subsection, to include the share of his estate or of any other person succeeding, by reason of the death of the partner, to rights with respect to his partnership interest. The "deceased partner's distributive share" does not include any share attributable to a partnership interest which was not held by the deceased partner prior to his death. Thus, if a deceased partner's estate should increase its interest in the partnership the amount of the distributive share attributable to such additional interest acquired by the estate would not be included in computing the "deceased partner's distributive share" of the partnership's ordinary income or loss for the partnership taxable year.

Effective date

Subsection (b) of section 403 of the bill contains the effective date provision applicable to new section 1402 (f). The new section 1402 (f) applies with respect to individuals who die after the date of the enactment of this bill. It will also apply to an individual who died after 1955 and on or before the date of the enactment of this bill if (1) there is filed before January 1, 1960, a self-employment tax return (or amended return) for the taxable year ending as a result of the individual's death, and (2) where the return is filed solely for the

purpose of reporting net earnings from self-employment resulting from the new section 1402 (f), the return is accompanied by the amount of self-employment tax attributable to such net earnings. In a case in which new section 1402 (f) does apply to an individual who died after 1955 and on or before the date of the enactment of this bill, no interest or penalty is to be assessed or collected on the amount of any self-employment tax due solely by reason of the operation of new section 1402 (f).

SECTION 404. SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

Removal of exclusion from definition of employment

Section 404 (a) of the bill amends section 3121 (b) (1) of the code, relating to the exclusion from employment of certain types of agricultural labor. Section 3121 (b) (1), as amended by the bill, retains the exclusion contained in subparagraph (B) of section 3121 (b) (1) of existing law. However, the amendment removes the exclusion contained in existing section 3121 (b) (1) (A) applicable to service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended. Under the amendment services referred to in the preceding sentence will be covered under the Federal Insurance Contributions Act on the same basis as other agricultural labor.

Effective date

Under section 404 (b) of the bill, the amendment made by section 404 (a) is made effective with respect to service performed after 1958.

SECTION 405. NONPROFIT ORGANIZATIONS WAIVER CERTIFICATES

General rule

Section 405 (a) of the bill amends section 3121 (k) (1) of the Internal Revenue Code of 1954, relating to waivers of tax exemption which may be filed by certain religious, charitable, etc., organizations. Under present law, such an organization may file a certificate waiving exemption from tax under chapter 21 of such code only if two-thirds or more of its employees concur in the filing of such certificate, and such certificate is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of such certificate. Such list may be amended, pursuant to existing law, by the filing of a supplemental list at any time before the expiration of 24 months following the first calendar quarter for which the certificate is effective or at any time before January 1, 1959, whichever is later. The certificate becomes effective, under present law, for the calendar quarter in which filed or the following calendar quarter, whichever is specified in the certificate, except that in the case of employees concurring on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate becomes effective with respect to services performed by such employees in the calendar quarter following the calendar quarter in which the supplemental list is filed.

Section 405 (a) of the bill amends section 3121 (k) (1) of the code so as to provide that a certificate filed by an organization pursuant to that section shall become effective for the calendar quarter in which filed, for the following calendar quarter, or for any calendar quarter preceding the calendar quarter in which the certificate is filed, whichever is specified in the certificate by the organization, except that, in the case of a certificate filed before January 1, 1960, the certificate may not be made effective earlier than January 1, 1956. In the case of a certificate filed after 1959, the certificate may not be made effective for a calendar quarter earlier than the fourth calendar quarter preceding the calendar quarter in which the certificate is filed. Furthermore, in the case of employees concurring on a supplemental list filed after the first month following the calendar quarter in which the certificate is filed, the certificate is effective with respect to services performed by such employees in the calendar quarter in which the supplemental list is filed. In addition, section 405 (a) of the bill amends section 3121 (k) (1) of the code so as to provide that an organization described in section 3121 (k) (1) which employs individuals who are in positions covered by a pension, annuity, retirement, or similar fund or system established by a State or political subdivision thereof, and which employs individuals who are not in such positions, shall separate its employees who are in such positions and its employees who are not in such positions into 2 groups for purposes of section 3121 (k) (1) of the code.

A waiver may be filed with respect to the employees in either group, or separate waivers may be filed with respect to the employees in the two groups, provided two-thirds or more of the employees in the particular group concur in the filing of the certificate. Section 405 (a) of the bill also amends section 3121 (k) (1) of the code so as to provide that, in the case of any certificate filed pursuant to section 3121 (k) (1) which is effective earlier than the calendar quarter in which it is filed, all returns and taxes for the earlier calendar quarters shall be due on the last day of the first calendar month following the calendar quarter in which the certificate is filed. The statutory period for assessment of such taxes shall not be less than 3 years from such due date.

Conforming amendment

Section 405 (b) of the bill amends section 3121 (b) (8) (B) of the Internal Revenue Code of 1954, which, in effect, provides an exemption from the tax under chapter 21 of the code in respect of services performed for certain religious, charitable, etc., organizations. The amendment made by section 405 (b) of the bill is a conforming amendment made necessary by reason of the new subparagraph (E) contained in the amendment of section 3121 (k) (1) of the code made by section 405 (a) of the bill.

Under present law, services performed as an employee of such an organization are excepted from employment (and the remuneration therefor is thus exempt from tax) under chapter 21 unless the employee's signature appears on the list of employees concurring in the filing of a certificate under section 3121 (k) (1) of the code (relating to waivers of tax exemption which may be filed by such an organization) and such services are performed on or after the date on which

the certificate became effective with respect to such employee, or unless the employee entered the employ of the organization after the calendar quarter in which the certificate was filed.

Section 405 (b) of the bill amends section 3121 (b) (8) (B) so as to add a new provision in respect of employees of an organization which, under the new section 3121 (k) (1) (E) of the code, is required to divide its employees into 2 groups for purposes of section 3121 (k) (1) (see the discussion in this report of the amendments made by sec. 405 (a) of the bill). Pursuant to this new provision, services performed as a member of such a group by an individual who became a member of that group after the calendar quarter in which a certificate under section 3121 (k) (1) was filed with respect to such group shall not be excepted from employment under section 3121 (b) (8) (B) of the code. However, a member of one such group with respect to which a certificate is in effect who becomes a member of the other group shall not, as to his services as a member of such other group, be covered by the certificate filed with respect to the first group.

Effective date

Pursuant to section 405 (c) of the bill, the amendments made by sections 405 (a) and 405 (b) of the bill are effective only with respect to certificates under section 3121 (k) (1) of the code which are filed after the date of enactment of the bill.

SECTION 406. EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

Section 406 of the bill amends section 6334 (a) of the code, relating to enumeration of property exempt from levy, by adding a paragraph (4) dealing with unemployment benefits. Pursuant to such paragraph (4), amounts payable to an individual under an unemployment compensation law of the United States, of any State or Territory, or of the District of Columbia or of the Commonwealth of Puerto Rico, with respect to the unemployment of such individual, including any portion of the amount which is payable with respect to dependents, are expressly exempted from levy for the collection of any tax imposed by the Internal Revenue Code of 1954.

TITLE V—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

Sections 3 (a), 1003 (a), and 1403 (a) of the Social Security Act now provide for paying to each State with a plan approved under titles I, X, and XIV, respectively, four-fifths of the first \$30 of the average monthly money payment per recipient, plus one-half of the remainder of such average payment, but excluding that part of any payment to any individual in excess of \$60. With respect to assistance expenditures for medical care or any other type of remedial care in behalf of recipients, the Federal payment is one-half within an average monthly expenditure of \$6 per recipient.

SECTION 501. OLD-AGE ASSISTANCE

Section 501 of the bill would amend section (3) of the Social Security Act so as to provide for an average monthly maximum of \$66 on the amount of State expenditures for old-age assistance in which the Federal Government would share, and to relate a portion of the Federal contribution to the fiscal ability of the State. The Federal payment would be four-fifths of the first \$30 of the average monthly payment per recipient, including assistance in the form of money payments and in the form of medical or any other remedial care, plus an amount that would be equal to the Federal percentage of the remainder (determined for each State as set out in sec. 505 of the bill), but excluding that part of the average monthly payment per recipient in excess of \$66.

The number of recipients to be used in determining the Federal payment with respect to any month would be the number who received cash payments for that month, plus the number with respect to whom expenditures were made in such month as old-age assistance in the form of medical care. In determining the later number, individuals who were eligible when the care was provided would be counted even though not eligible when the medical bill was paid.

SECTIONS 503 AND 504. AID TO THE BLIND AND
TOTALLY DISABLED

Sections 503 and 504 amend sections 1003 (a) and 1403 (a) of the Social Security Act relating to aid to the blind and aid to the permanently and totally disabled, respectively, so as to provide a similar formula for the programs of assistance for the blind and disabled.

SECTION 502. AID TO DEPENDENT CHILDREN

Section 403 (a) of the Social Security Act now provides for paying to each State with a plan approved under title IV, fourteen-sevenths of the first \$17 of the average monthly payment per recipient plus one-half the remainder of such average payment, but excluding that part of any payment with respect to the first dependent child in the home and the adult caretaker in excess of \$32 each, and with respect to each of the other dependent children in the home in excess of \$23. With respect to assistance expenditures for medical care or any other type of remedial care in behalf of recipients of aid to dependent children, the Federal payment is one-half within an average monthly expenditure of \$3 per dependent child, and with respect to the adult caretaker within an average monthly expenditure of \$6.

Section 502 of the bill would amend section 403 (a) of the Social Security Act so as to provide for an average monthly maximum of \$33 on the amount of State expenditures for aid to dependent children in which the Federal Government would share, and to relate a portion of the Federal contribution to the fiscal ability of the State. The Federal payment would be five-sixths of the first \$18 of the average monthly payment per recipient, including assistance in the form of money payments and in the form of medical or any other remedial care, plus an amount that would be equal to the Federal percentage of the remainder (determined for each State as set out in sec. 505 of the

bill), but excluding that part of the average monthly payment per recipient in excess of \$33.

The number of recipients for purposes of determining the maximum Federal share with respect to any month would be determined in the manner described above for old-age assistance.

SECTION 505. FEDERAL MATCHING PERCENTAGE

Section 505 would amend subsection (a) of section 1101 of the Social Security Act by adding a new paragraph defining the Federal percentage of State expenditures under titles I, IV, X, and XIV. The Federal percentage for any State (other than Puerto Rico, the Virgin Islands, and Guam) would be derived by relating the State's per capita income to the national per capita income. For a State with a per capita income equal to or above the national per capita income, the Federal percentage would be 50 percent. Where a State's per capita income was less than the per capita income of the Nation, the Federal percentage would be more than 50 percent. The bill provides that the Federal percentage shall in no case be less than 50 percent or more than 70 percent. The Federal percentage for Alaska and Hawaii is specified to be 50 percent.

The Federal percentage would be promulgated each even-numbered year, based on data of the Department of Commerce on per capita income for the 3 most recent calendar years for which satisfactory data are available, and would be conclusive for 8 successive quarters beginning July 1 after such promulgation. Provision is made for a promulgation to be made as soon as possible after enactment of the bill and such promulgation would be conclusive for each of the 11 quarters in the period from October 1, 1958, through June 30, 1961.

SECTION 506. EXTENSION TO GUAM

Section 506 amends the term "State" when used in titles I, IV, V, VII, X, and XIV to include Guam, thus making Federal grants-in-aid under these titles available to Guam.

SECTION 507. INCREASE IN LIMITATIONS ON PUBLIC-ASSISTANCE PAYMENTS TO PUERTO RICO AND VIRGIN ISLANDS

Section 507 amends section 1108 of the Social Security Act to increase the limitation on the total annual Federal payments for public assistance under title I, IV, X, and XIV to Puerto Rico from \$5,312,500 to \$8,500,000. The limitation with respect to the Virgin Islands would be increased from \$200,000 to \$300,000. Section 1108 is also amended to establish a limitation of \$400,000 on such payments to Guam to which Federal grants are made available under section 506 of the bill.

SECTION 508. MATERNAL AND CHILD-CARE GRANTS FOR GUAM

Section 508 provides that, until such time as the Congress may by appropriation or other law provide, the Secretary shall, in place of the uniform grant of \$60,000 now authorized for each State for each of the 3 grant programs under title V, allot such smaller amounts to Guam as he may deem appropriate.

SECTION 509. TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

Section 509 would amend section 344 (b) of the Social Security Act Amendments of 1950, as amended, so as to extend from June 30, 1959, through June 30, 1961, the special provisions relating to the approval of certain State plans for aid to the blind under title X.

SECTION 510. SPECIAL PROVISION FOR CERTAIN INDI- ANS REPEALED

Section 510 of the bill repeals section 9 of the act of April 19, 1950, amended, relating to additional Federal sharing under titles I, IV, and X in assistance provided to Navajo and Hopi Indians residing on reservations.

SECTION 511. TECHNICAL AMENDMENT

Section 511 of the bill would make a technical amendment in section 2 (a) (11) of the Social Security Act to make clear that in the description in the State plan of services relating to self-care there shall be included a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.

SECTION 512. EFFECTIVE DATES

Section 512 specifies the effective dates for certain amendments made by title V of the bill. The sections of the bill relating to the formula for Federal matching of State public-assistance expenditures (secs. 501, 502, 503, 504, and 505) are effective for months after September 1958.

The amendments relating to the extension of titles I, IV, X, and XIV of the Social Security Act to Guam in section 506 would become effective for the months after September 1958.

The amendments relating to the extension of title V of the Social Security Act to Guam and to the allocation to Guam of Federal funds under that title, made by sections 506 and 508, respectively, of the bill, would become effective for fiscal years ending after June 30, 1959.

The amendments made by section 507 relating to the limitation on Federal public-assistance grants to Puerto Rico, the Virgin Islands, and Guam, would become effective for fiscal years ending after June 30, 1958.

The technical amendment made by section 511 of the bill would become effective October 1, 1958.

TITLE VI—MATERNAL AND CHILD WELFARE

SECTION 601. CHILD WELFARE SERVICES

Section 601 amends the present provisions of part 3, title V of the Social Security Act as follows:

1. It increases the amount authorized for annual appropriation for grants to the States for child-welfare services from the present \$12 million to \$17 million.

2. It removes the present provisions of the law with respect to the use of Federal child-welfare funds in predominantly rural areas or other areas of special need.

3. It changes the formula for allotment of Federal child-welfare funds. The present law provides for a uniform grant of \$40,000 to each State, with the remainder allotted on the basis of the proportion that the rural child population under 18 years of age of each State bears to the total rural population of the United States under such age. The bill provides that the sums appropriated for each fiscal year shall be allotted by the Secretary for use by cooperating State public-welfare agencies which have plans developed jointly by the State agency and the Secretary as follows: To each State, he shall allot such portion of \$60,000 as the amount appropriated bears to the amount authorized to be appropriated, and he shall allot to each State an amount which bears the same ratio to the remainder of the sums appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State bears to the sum of the corresponding products of all the States. The allotment percentage for any State would be 100 percent less the State percentage; and the State percentage would be that percentage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska); except that (a) the allotment percentage shall in no case be less than 30 percent or more than 70 percent, and (b) the allotment percentage shall be 50 percent in the case of Alaska and 70 percent in the case of Puerto Rico, the Virgin Islands, and Guam.

The bill also provides that if the amount so allotted is less than the State's base allotment, the amount shall be increased to such base allotment, and the total of the increases thereby required shall be derived by proportionately reducing the allotments of the other States, but with such adjustments as may be necessary to prevent the allotment of any State from being reduced to less than its base allotment. The base allotment of any State for any fiscal year is defined as the amount which would be allotted to such State for such year under the provisions of section 521 of the law as in effect prior to the enactment of the Social Security Amendments of 1958, as applied to an appropriation of \$12 million.

4. It adds new sections on payments to the States and on the Federal share. The bill provides that the Secretary shall from time to time pay to each State with a plan developed jointly by the State agency and the Secretary, an amount equal to the Federal share. For the fiscal year ending June 30, 1960, and each year thereafter, the Federal share for any State shall be 100 percent less that per-

centage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (1) in no case shall the Federal share be less than $33\frac{1}{3}$ percent or more than $66\frac{2}{3}$ percent, and (2) the Federal share shall be 50 percent in the case of Alaska and $66\frac{2}{3}$ percent in the case of Puerto Rico, the Virgin Islands, and Guam. For the fiscal year ending June 30, 1959, the Federal share shall be determined pursuant to the provisions of section 521 as in effect prior to the enactment of the Social Security Amendments of 1958.

The bill provides that the Federal share and the allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the continental United States (excluding Alaska) for the 3 most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the 2 fiscal years in the period beginning July 1 next succeeding such promulgation, provided that the Secretary shall promulgate such Federal shares and allotment percentages as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive until July 1, 1961.

5. It modifies the provisions of the present law with respect to the use of Federal child-welfare funds for the return of runaway children. The bill provides that these funds may be used for paying the costs of returning any runaway child who has not attained the age of 18 to his own community in another State, and of maintaining such child until such return (for a period not exceeding 15 days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. The present law provides that these funds may be used for paying the cost of returning any runaway child who has not attained the age of 16 to his own community in another State in cases in which such return is in the interest of the child and the cost thereof cannot otherwise be met.

6. It adds a new section to authorize reallocation of Federal child welfare funds. This section provides that the amount of any allotment to a State for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan shall be available for reallocation from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them, and (2) will be able to use such excess amounts during such fiscal year. Such reallocations shall be made on the basis of the State plans, after taking into consideration the population under the age of 21, and the per capita income of each such State as compared with the population under the age of 21, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallocated to a State shall be deemed part of its annual allotment.

SECTION 602. MATERNAL AND CHILD HEALTH

Section 602 amends the present provisions of part 1, title V of the Social Security Act by increasing the amount authorized for annual appropriation for grants to the States for maternal and child health services from the present \$16.5 million to \$21.5 million. The bill also increases correspondingly the amounts specified in section 502 (a) and (b) of the present law so that they continue to represent, respectively, one-half of the amount authorized to be appropriated, namely, \$10,750,000. With respect to the uniform grant of \$60,000 to each State, now provided under section 502 (a) of the law, the bill provides that the Secretary shall allot this amount to each State each year even though the amount appropriated for such year is less than \$21,500,000.

SECTION 603. CRIPPLED CHILDREN'S SERVICES

Section 603 amends the present provisions of part 2, title V of the Social Security Act by increasing the amount authorized for annual appropriation for grants to the States for crippled children's services from the present \$15 million to \$20 million. The bill also increases correspondingly the amounts specified in section 512 (a) and (b) of the present law so that they continue to represent, respectively, one-half of the amount authorized to be appropriated, namely, \$10 million. With respect to the uniform grant of \$60,000 to each State, now provided under section 512 (a) of the law, the bill provides that the Secretary shall allot this amount to each State each year even though the amount appropriated for such year is less than \$20 million.

TITLE VII—MISCELLANEOUS PROVISIONS

SECTION 701. FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Section 1106 (b) of the Social Security Act now authorizes the furnishing, and charging therefor, to persons requesting it, of information permitted under applicable regulations; it does not provide for furnishing of services and the imposition of charges therefor where the Secretary of Health, Education, and Welfare deems such charging appropriate. Section 701 of the bill amends section 1106 (b) to provide for furnishing services, and for collecting and depositing in the old-age and survivors insurance and disability insurance trust funds appropriate charges for such services. Such services will not be provided, however, where they would unduly interfere with the administration of the old-age and survivors insurance program.

SECTION 702. COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXEMPT ORGANIZATIONS WHICH PAID TAX

Section 702 of the bill amends paragraphs (1), (3), and (5) of section 403 (a) of the Social Security Amendments of 1954.

Amendments made by section 702 (a)

Under section 403 (a) of the Social Security Amendments of 1954, remuneration for service performed by an individual at any time

after 1950 and before August 1, 1956, for an organization which had failed to file a valid certificate pursuant to section 3121 (k) of the 1954 Code prior to the performance of such service may, under specified circumstances, be deemed to constitute remuneration for employment as defined in section 3121 (b) of the 1954 Code and section 210 of the Social Security Act, provided the taxes imposed by sections 3101 and 3111 of the 1954 Code were paid in good faith and upon the assumption by such organization that a valid certificate had been filed. (As used in the preceding sentence, references to provisions in the 1954 Code include references to the corresponding provisions of the 1939 Code.)

Section 702 (a) of the bill amends paragraph (1) of section 403 (a) of the Social Security Amendments of 1954 to substitute for the phrase "has failed to file prior to the enactment of the Social Security Amendments of 1956" the phrase "did not have in effect, during the entire period in which the individual was so employed". The effect of this amendment is to permit employees of organizations which filed valid waiver certificates before the enactment of the Social Security Amendments of 1956 to have their remuneration for service treated in the same manner as employees of organizations which failed to file valid waiver certificates before the enactment of such 1956 amendments.

Conforming amendment

Section 702 (b) of the bill adds a phrase to paragraph (3) of such section 403 (a) to conform to the change made by section 702 (a) of the bill.

Amendment made by subsection (c)

Section 702 (c) of the bill amends paragraph (5) of such section 403 (a) to add as an additional acceptable reason for the organization's failure to file a certificate, pursuant to section 3121 (k) (1) of such code, that the organization was "without knowledge that a waiver certificate was necessary."

SECTION 703. MEANING OF TERM "SECRETARY"

Section 703 of the bill provides that the term "Secretary," as used in the provisions of the Social Security Act, set forth in the bill, means the Secretary of Health, Education, and Welfare where the context does not otherwise require.



Union Calendar No. 950

85TH CONGRESS
2D SESSION

H. R. 13549

[Report No. 2288]

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 1958

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

JULY 28, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Social Security Amend-
4 ments of 1958".

1 TITLE I—INCREASE IN BENEFITS UNDER TITLE
2 II OF THE SOCIAL SECURITY ACT

3 INCREASE IN BENEFIT AMOUNTS

4 Primary Insurance Amount

5 SEC. 101. (a) Subsection (a) of section 215 of the
6 Social Security Act is amended to read as follows:

7 “Primary Insurance Amount

8 “(a) Subject to the conditions specified in subsections
9 (b), (c), and (d) of this section, the primary insurance
10 amount of an insured individual shall be whichever of the
11 following is the largest:

12 “(1) The amount in column IV on the line on
13 which in column III of the following table appears his
14 average monthly wage (as determined under subsection
15 (b)) ;

16 “(2) The amount in column IV on the line on
17 which in column II of the following table appears his
18 primary insurance amount (as determined under sub-
19 section (c)) ;

20 “(3) The amount in column IV on the line on
21 which in column I of the following table appears his
22 primary insurance benefit (as determined under sub-
23 section (d)) ; or

24 “(4) In the case of an individual who was entitled
25 to a disability insurance benefit for the month before the
26 month in which he became entitled to old-age insurance

- 1 benefits or died, the amount in column IV which is equal
- 2 to his disability insurance benefit.

“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

“I “(Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insur- ance amount)	V (Maximum family benefits)
“If an individual’s primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insur- ance amount (as deter- mined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount re- ferred to in the preceding para- graphs of this subsection shall be—	And the maxi- mum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self- employment income shall be—
“At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
-----	\$10. 00	-----	\$30. 00	-----	\$54	\$33	\$53. 00
“\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	104. 00
29. 26	29. 68	65. 00	65. 80	133	136	70	107. 60
29. 69	30. 36	65. 90	66. 80	137	141	71	111. 20
30. 37	30. 92	66. 90	67. 70	142	146	72	115. 20
30. 93	31. 52	67. 80	68. 70	147	151	73	119. 20
31. 53	32. 00	68. 80	69. 60	152	155	74	122. 80
32. 01	32. 60	69. 70	70. 50	156	160	75	126. 40
32. 61	33. 40	70. 60	71. 50	161	165	76	130. 40
33. 41	33. 88	71. 60	72. 40	166	169	77	134. 00
33. 89	34. 50	72. 50	73. 30	170	174	78	137. 60
34. 51	35. 20	73. 40	74. 30	175	179	79	141. 60
35. 21	35. 80	74. 40	75. 20	180	183	80	145. 20
35. 81	36. 40	75. 30	76. 10	184	188	81	148. 80
36. 41	37. 08	76. 20	77. 10	189	193	82	152. 80
37. 09	37. 60	77. 20	78. 00	194	197	83	156. 40
37. 61	38. 20	78. 10	78. 90	198	202	84	160. 00
38. 21	39. 12	79. 00	79. 90	203	207	85	164. 00
39. 13	39. 68	80. 00	80. 80	208	211	86	167. 60

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I		II		III		IV	V
“(Primary insurance benefit under 1939 Act, as modified)”		(Primary insurance amount under 1954 Act)		(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
“If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (h)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
“At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
“\$39. 69	\$40. 33	\$80. 90	\$81. 70	\$212	\$216	\$87	\$171. 20
40. 34	41. 12	81. 80	82. 70	217	221	88	175. 20
41. 13	41. 76	82. 80	83. 60	222	225	89	178. 80
41. 77	42. 44	83. 70	84. 50	226	230	90	182. 40
42. 45	43. 20	84. 60	85. 50	231	235	91	186. 40
43. 21	43. 76	85. 60	86. 40	236	239	92	190. 00
43. 77	44. 44	86. 50	87. 30	240	244	93	193. 60
44. 45	44. 88	87. 40	88. 30	245	249	94	197. 60
44. 89	45. 60	88. 40	89. 20	250	253	95	201. 20
		89. 30	90. 10	254	258	96	204. 80
		90. 20	91. 10	259	263	97	208. 80
		91. 20	92. 00	264	267	98	212. 40
		92. 10	92. 90	268	272	99	216. 00
		93. 00	93. 90	273	277	100	220. 00
		94. 00	94. 80	278	281	101	223. 60
		94. 90	95. 80	282	286	102	227. 20
		95. 90	96. 70	287	291	103	231. 20
		96. 80	97. 60	292	295	104	234. 80
		97. 70	98. 60	296	300	105	238. 40
		98. 70	99. 50	301	305	106	242. 40
		99. 60	100. 40	306	309	107	246. 00
		100. 50	101. 40	310	314	108	249. 60
		101. 50	102. 30	315	319	109	253. 60
		102. 40	103. 20	320	323	110	254. 00
		103. 30	104. 20	324	328	111	254. 00
		104. 30	105. 10	329	333	112	254. 00
		105. 20	106. 00	334	337	113	254. 00
		106. 10	107. 00	338	342	114	254. 00
		107. 10	107. 90	343	347	115	254. 00
		108. 00	108. 50	348	351	116	254. 00
				352	356	117	254. 00
				357	361	118	254. 00
				362	365	119	254. 00
				366	370	120	254. 00
				371	375	121	254. 00
				376	379	122	254. 00
				380	384	123	254. 00
				385	389	124	254. 00
				390	393	125	254. 00
				394	398	126	254. 00
				399	400	127	254. 00”

1 Average Monthly Wage

(b) Section 215 (b) (1) of such Act is amended by striking out “An” and inserting in lieu thereof the following: “For the purposes of column III of the table appearing in subsection (a) of this section, an”.

1 (2) Such section 215 (b) is further amended by adding
2 at the end thereof the following paragraph:

3 “(5) The provisions of this subsection shall be appli-
4 cable only in the case of an individual with respect to whom
5 not less than six of the quarters elapsing after 1950 are
6 quarters of coverage, and—

7 “(A) who becomes entitled to benefits under sec-
8 tion 202 (a) or section 223 after the second month fol-
9 lowing the month in which the Social Security Amend-
10 ments of 1958 are enacted, or

11 “(B) who dies after such second month without
12 being entitled to benefits under such section 202 (a) or
13 section 223, or

14 “(C) who files an application for a recomputation
15 under section 215 (f) (2) (A) after such second
16 month and is (or would, but for the provisions of sec-
17 tion 215 (f) (6), be) entitled to have his primary in-
18 surance amount recomputed under such section, or

19 “(D) who dies after such second month and whose
20 survivors are (or would, but for the provisions of section
21 215 (f) (6), be) entitled to a recomputation of his
22 primary insurance amount under section 215 (f) (4).”

1 Primary Insurance Amount Under 1954 Act

2 (c) Section 215 (c) of such Act is amended to read
3 as follows:

4 “Primary Insurance Amount Under 1954 Act

5 “(c) (1) For the purposes of column II of the table
6 appearing in subsection (a) of this section, an individual’s
7 primary insurance amount shall be computed as provided in,
8 and subject to the limitations specified in, (A) this section
9 as in effect prior to the enactment of the Social Security
10 Amendments of 1958, and (B) the applicable provisions
11 of the Social Security Amendments of 1954.

12 “(2) The provisions of this subsection shall be appli-
13 cable only in the case of an individual who—

14 “(A) became entitled to benefits under section 202
15 (a) or section 223 prior to the third month following
16 the month in which the Social Security Amendments of
17 1958 were enacted, or

18 “(B) died prior to such third month.”

19 Primary Insurance Benefit Under 1939 Act

20 (d) Section 215 (d) of such Act is amended to read
21 as follows:

22 “Primary Insurance Benefit Under 1939 Act

23 “(d) (1) For the purposes of column I of the table
24 appearing in subsection (a) of this section, an individual’s
25 primary insurance benefit shall be computed as provided in

1 this title as in effect prior to the enactment of the Social
2 Security Act Amendments of 1950, except that—

3 “(A) In the computation of such benefit, such in-
4 dividual’s average monthly wage shall (in lieu of being
5 determined under section 209 (f) of such title as in
6 effect prior to the enactment of such amendments) be
7 determined as provided in subsection (b) of this section
8 (but without regard to paragraph (5) thereof), except
9 that his starting date shall be December 31, 1936.

10 “(B) For purposes of such computation, the date
11 he became entitled to old-age insurance benefits shall
12 be deemed to be the date he became entitled to pri-
13 mary insurance benefits.

14 “(C) The 1 per centum addition provided for in
15 section 209 (e) (2) of this Act as in effect prior to the
16 enactment of the Social Security Act Amendments of
17 1950 shall be applicable only with respect to calendar
18 years prior to 1951, except that any wages paid in any
19 year prior to such year any part of which was included
20 in a period of disability shall not be counted. Notwith-
21 standing the preceding sentence, the wages paid in the
22 year in which such period of disability began shall be
23 counted if the counting of such wages would result in a
24 higher primary insurance amount.

1 “(D) The provisions of subsection (e) shall be ap-
2 plicable to such computation.

3 “(2) The provisions of this subsection shall be appli-
4 cable only in the case of an individual—

5 “(A) with respect to whom at least one of the
6 quarters elapsing prior to 1951 is a quarter of coverage;

7 “(B) who meets the requirements of any of the
8 subparagraphs of paragraph (5) of subsection (b) of
9 this section; and

10 “(C) who attained age 22 after 1950 and with
11 respect to whom less than six of the quarters elapsing
12 after 1950 are quarters of coverage, or who attained
13 such age before 1951.”

14 Minimum Survivors or Dependents Benefit

15 (e) Section 202 (m) of the Social Security Act is
16 amended by striking out “\$30” wherever it occurs and
17 inserting in lieu thereof “the first figure in column IV of
18 the table in section 215 (a)”.

19 Maximum Benefits

20 (f) Subsection (a) of section 203 of the Social Secu-
21 rity Act is amended to read as follows:

22 “Maximum Benefits

23 “(a) Whenever the total of monthly benefits to which
24 individuals are entitled under sections 202 and 223 for a
25 month on the basis of the wages and self-employment income

1 of an insured individual is greater than the amount appearing
2 in column V of the table in section 215 (a) on the line
3 on which appears in column IV such insured individual's
4 primary insurance amount, such total of benefits shall be
5 reduced to such amount; except that—

6 “(1) when any of such individuals so entitled
7 would (but for the provisions of section 202 (k) (2)
8 (A)) be entitled to child's insurance benefits on the
9 basis of the wages and self-employment income of one
10 or more other insured individuals, such total of benefits
11 shall not be reduced to less than the smaller of: (A)
12 the sum of the maximum amounts of benefits payable on
13 the basis of the wages and self-employment income of
14 all such insured individuals, or (B) the last figure in
15 column V of the table appearing in section 215 (a), or

16 “(2) when any of such individuals was entitled
17 (without the application of section 202 (j) (1)) to
18 monthly benefits under section 202 or section 223 for
19 the second month following the month in which the
20 Social Security Amendments of 1958 were enacted, and
21 the primary insurance amount of the insured individual
22 on the basis of whose wages and self-employment income
23 such monthly benefits are payable is determined under
24 the provisions of section 215 (a) (2), then such total
25 benefits shall not be reduced to less than the larger of—

1 “(A) the amount determined under this sub-
2 section without regard to this paragraph, or

3 “(B) the amount determined under this sub-
4 section as in effect prior to the enactment of the
5 Social Security Amendments of 1958 or the amount
6 determined under section 102 (h) of the Social
7 Security Amendments of 1954, as the case may be,
8 plus the excess of—

9 “(i) the primary insurance amount of such
10 insured individual in column IV of the table
11 appearing in section 215 (a), over

12 “(ii) his primary insurance amount deter-
13 mined under section 215 (c),

14 “(3) when any of such individuals is entitled
15 (without the application of section 202 (j) (1)) to
16 monthly benefits based on the wages and self-employ-
17 ment income of an insured individual with respect to
18 whom a period of disability (as defined in section 216
19 (i)) began prior to the third month following the
20 month in which the Social Security Amendments of
21 1958 were enacted and continued uninterruptedly until—

22 “(A) he became entitled to benefits under sec-
23 tion 202 or 223, or

24 “(B) he died, which ever first occurred,
25 and the primary insurance amount of such insured indi-

vidual is determined under the provisions of section 215

(a) (1) or (3) and is not less than \$68, then such total of benefits shall not be reduced to less than the smaller of—

“(C) the last figure in column V of the table appearing in section 215 (a), or

“(D) the amount in column V of such table on the same line on which, in column IV, appears his primary insurance amount, plus the excess of—

“(i) such primary insurance amount, over

“(ii) the smallest amount in column II of the table on the line on which appears such primary insurance amount.

In any case in which benefits are reduced pursuant to the preceding provisions of this subsection, such reduction shall be made after any deductions under this section and after any deductions under section 222 (b). Whenever a reduction is made under this subsection, each benefit, except the old-age or disability insurance benefit, shall be proportionately decreased.”

Effective Date

(g) The amendments made by this section shall be applicable in the case of monthly benefits under title II of the Social Security Act, for months after the second month following the month in which this Act is enacted, and in the

1 case of the lump-sum death payments under such title, with
2 respect to deaths occurring after such second month.

3 Primary Insurance Amount for Certain Disability Insurance
4 Beneficiaries

5 (h) If an individual was entitled to a disability insur-
6 ance benefit under section 223 of the Social Security Act
7 for the second month after the month in which this Act is
8 enacted and became entitled to old-age insurance benefits
9 under section 202 (a) of such Act, or died, in the third
10 month after the month in which this Act is enacted, then,
11 for purposes of paragraph (4) of section 215 (a) of the
12 Social Security Act, as amended by this Act, the amount in
13 column IV of the table appearing in such section 215 (a)
14 for such individual shall be the amount in such column on
15 the line on which in column II appears his primary insur-
16 ance amount (as determined under subsection (c) of such
17 section 215) instead of the amount in column IV equal to
18 his disability insurance benefit.

19 Saving Provision

20 (i) With respect to monthly benefits under title II of
21 the Social Security Act payable pursuant to section 202
22 (j) (1) of such Act for any month prior to the third month
23 following the month of enactment of this Act, the primary
24 insurance amount of the individual on the basis of whose
25 wages and self-employment income such monthly benefits are

1 payable shall be determined as though this Act had not been
2 enacted; such primary insurance amount shall be such indi-
3 vidual's primary insurance amount for purposes of section
4 215 of such Act for months after the second month follow-
5 ing the month in which this Act is enacted if it is larger
6 than the primary insurance amount determined under section
7 215 of the Social Security Act as amended by this Act, and
8 shall be rounded to the next higher dollar if it is not a
9 multiple of a dollar.

10 INCREASE IN EARNINGS BASE FROM \$4,200 TO \$4,800

11 Definition of Wages

12 SEC. 102. (a) (1) Paragraph (2) of section 209 (a)
13 of the Social Security Act is amended to read as follows:

14 “(2) That part of remuneration which, after re-
15 muneration (other than remuneration referred to in the
16 succeeding subsections of this section) equal to \$4,200
17 with respect to employment has been paid to an in-
18 dividual during any calendar year after 1954 and prior
19 to 1959, is paid to such individual during such calendar
20 year;”.

21 (2) Section 209 (a) of such Act is further amended by
22 adding at the end thereof the following new paragraph:

23 “(3) That part of remuneration which, after re-
24 muneration (other than remuneration referred to in the
25 succeeding subsections of this section) equal to \$4,800

1 with respect to employment has been paid to an in-
2 dividual during any calendar year after 1958, is paid
3 to such individual during such calendar year;”.

4 Definition of Self-Employment Income.

5 (b) Paragraph (1) of section 211 (b) of the Social
6 Security Act is amended to read as follows:

7 “(1) That part of the net earnings from self-
8 employment which is in excess of—

9 “(A) For any taxable year ending prior to
10 1955, (i) \$3,600, minus (ii) the amount of the
11 wages paid to such individual during the taxable
12 year; and

13 “(B) For any taxable year ending after 1954
14 and prior to 1959, (i) \$4,200, minus (ii) the
15 amount of the wages paid to such individual during
16 the taxable year; and

17 “(C) For any taxable year ending after 1958,
18 (i) \$4,800, minus (ii) the amount of the wages
19 paid to such individual during the taxable year; or”.

20 Definitions of Quarter and Quarter of Coverage

21 (c) Clauses (ii) and (iii) of section 213 (a) (2)
22 (B) of the Social Security Act are amended to read as
23 follows:

24 “(ii) if the wages paid to any individual in any
25 calendar year equal \$3,600 in the case of a calendar

year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954 and before 1959, or \$4,800 in the case of a calendar year after 1958, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

“(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954 and before 1959, or \$4,800 in the case of a taxable year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;”.

Average Monthly Wage

(d) (1) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

“(1) in computing an individual’s average monthly wage there shall not be counted the excess over \$3,600 in the case of any calendar year after 1950 and before 1955, the excess over \$4,200 in the case of any calendar year after 1954 and before 1959, and the excess over \$4,800 in the case of any calendar year after 1958, of (A) the wages paid to him in such year, plus (B) the self-em-

1 ployment income credited to such year (as determined
2 under section 212) ;”.

3 (2) Section 215 (e) of such Act is further amended by
4 striking out “(d) (4)” each place it appears and inserting
5 in lieu thereof “(d)”.

6 TITLE II—AMENDMENTS RELATING TO DIS-
7 ABILITY FREEZE AND DISABILITY INSUR-
8 ANCE BENEFITS

9 APPLICATION FOR DISABILITY DETERMINATION

10 SEC. 201. Section 216 (i) (2) of the Social Security
11 Act is amended—

12 (1) by striking out “while under a disability,” in
13 the second sentence and inserting in lieu thereof “while
14 under such disability,”; and

15 (2) by striking out “one-year” in clause (ii) of
16 subparagraph (A) and inserting in lieu thereof “eight-
17 een-month”.

18 RETROACTIVE PAYMENT OF DISABILITY INSURANCE

19 BENEFITS

20 SEC. 202. (a) Section 223 (b) of such Act is amended
21 by adding at the end thereof the following new sentence:
22 “An individual who would have been entitled to a disability
23 insurance benefit for any month after June 1957 had he
24 filed application therefor prior to the end of such month

1 shall be entitled to such benefit for such month if he files
2 application therefor prior to the end of the twelfth month
3 immediately succeeding such month.”

4 (b) The first sentence of section 223 (c) (3) of such
5 Act (defining the term “waiting period” for purposes of
6 applications for disability insurance benefits) is amended to
7 read as follows:

8 “(3) The term ‘waiting period’ means, in the case
9 of any application for disability insurance benefits, the
10 earliest period of six consecutive calendar months—

11 “(A) throughout which the individual who
12 files such application has been under a disability
13 which continues without interruption until such
14 application is filed, and

15 “(B) (i) which begins not earlier than with
16 the first day of the eighteenth month before the
17 month in which such application is filed if such in-
18 dividual is insured for disability insurance benefits
19 in such eighteenth month, or (ii) if he is not so
20 insured in such month, which begins not earlier
21 than with the first day of the first month after such
22 eighteenth month in which he is so insured.”

1 RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY
2 DETERMINATION

3 SEC. 203. Paragraph (4) of section 216 (i) of such
4 Act is amended by striking out “July 1957” and inserting
5 in lieu thereof “July 1960”, by striking out “July 1958”
6 and inserting in lieu thereof “July 1961”, and by striking
7 out “, if such individual does not die prior to July 1, 1955,”.

8 INSURED STATUS REQUIREMENTS

9 Disability Freeze

10 SEC. 204. (a) Paragraph (3) of section 216 (i) of
11 such Act is amended to read as follows:

12 “(3) The requirements referred to in clauses (A) and
13 (B) of paragraphs (2) and (4) are satisfied by an individual
14 with respect to any quarter only if—

15 “(A) he would have been a fully insured in-
16 dividual (as defined in section 214) had he attained
17 retirement age and filed application for benefits under
18 section 202 (a) on the first day of such quarter; and

19 “(B) he had not less than twenty quarters of
20 coverage during the forty-quarter period which ends
21 with such quarter, not counting as part of such forty-
22 quarter period any quarter any part of which was in-
23 cluded in a prior period of disability unless such quarter
24 was a quarter of coverage.”

Disability Insurance Benefits

(b) Section 223 (c) (1) (A) of such Act is amended by striking out “fully and currently insured” and inserting in lieu thereof “fully insured”.

BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE

BENEFICIARIES

Payments from Disability Insurance Trust Fund

SEC. 205. (a) The first sentence of section 201 (h) of such Act is amended by inserting “, and benefit payments required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits,” after “section 223”.

Wife's Insurance Benefits

(b) (1) Subsection (b) of section 202 of such Act is amended by inserting “or disability” after “old-age” wherever it appears therein.

(2) So much of paragraph (1) of such subsection as follows the colon is amended by striking out “or” the first time it appears and inserting immediately before the period at the end of such paragraph “, or her husband ceases, prior to the month in which he attains retirement age, to be entitled to disability insurance benefits”.

1 Husband's Insurance Benefits

2 (c) (1) Subparagraph (C) of subsection (c) (1) of
3 such section 202 is amended to read as follows:

4 “(C) was receiving at least one-half of his support,
5 as determined in accordance with regulations prescribed
6 by the Secretary, from such individual—

7 “(i) if she had a period of disability which did
8 not end prior to the month in which she became
9 entitled to old-age or disability insurance benefits,
10 at the beginning of such period or at the time she
11 became entitled to such benefits, or

12 “(ii) if she did not have such a period of disa-
13 bility, at the time she became entitled to such bene-
14 fits,

15 and filed proof of such support within two years after the
16 month in which she filed application with respect to such
17 period of disability or after the month in which she
18 became entitled to such benefits, as the case may be, or,
19 if she did not have such a period, two years after the
20 month in which she became entitled to such benefits,
21 and”

22 (2) The remainder of such subsection (c) (1) is
23 amended by inserting “or disability” after “old-age” wher-
24 ever it appears therein.

25 (3) So much of such subsection (c) (1) as follows

1 the colon is further amended by striking out “or” the first
2 time it appears and inserting immediately before the period
3 at the end thereof “, or his wife ceases, prior to the month
4 in which she becomes entitled to old-age insurance benefits,
5 to be entitled to disability insurance benefits”.

6 Child’s Insurance Benefits

7 (d) Section 202 (d) (1) of such Act is amended to
8 read as follows:

9 “(d) (1) Every child (as defined in section 216 (e))
10 of an individual entitled to old-age or disability insurance
11 benefits, or of an individual who dies a fully or currently in-
12 sured individual after 1939, if such child—

13 “(A) has filed application for child’s insurance
14 benefits,

15 “(B) at the time such application was filed was
16 unmarried and either (i) had not attained the age of
17 eighteen or (ii) was under a disability (as defined in
18 section 223 (c)) which began before he attained the
19 age of eighteen, and

20 “(C) was dependent upon such individual—

21 “(i) if such individual had a period of dis-
22 ability which did not end prior to the month in
23 which he became entitled to old-age or disability
24 insurance benefits or (if he has died) prior to the
25 month in which he died, at the beginning of such

1 period or at the time he became entitled to such
2 benefits or died,

3 “(ii) if such individual did not have such a
4 period and is living, at the time such application
5 was filed, or

6 “(iii) if such individual did not have such a
7 period and has died, at the time of such death,

8 shall be entitled to a child's insurance benefit for each month,
9 beginning with the first month after August 1950 in which
10 such child becomes so entitled to such insurance benefits and
11 ending with the month preceding the first month in which
12 any of the following occurs: such child dies, marries, is
13 adopted (except for adoption by a stepparent, grandparent,
14 aunt, or uncle subsequent to the death of such fully or cur-
15 rently insured individual), attains the age of eighteen and
16 is not under a disability (as defined in section 223 (c))
17 which began before he attained such age, or ceases to be
18 under a disability (as so defined) on or after the day on
19 which he attains age eighteen. Entitlement of any child
20 to benefits under this subsection on the basis of the wages and
21 self-employment income of an individual entitled to disability
22 insurance benefits shall also end with the month before the
23 month in which such individual ceases to be entitled to such
24 benefits unless such individual is, for the month in which he

1 ceases to be so entitled, entitled to old-age insurance benefits
2 or unless he dies in such month.”

3 Widower's Insurance Benefits

4 (e) Subparagraph (D) of section 202 (f) (1) of such
5 Act is amended to read as follows:

6 “(D) (i) was receiving at least one-half of his sup-
7 port, as determined in accordance with regulations pre-
8 scribed by the Secretary, from such individual at the
9 time of her death or, if such individual had a period of
10 disability which did not end prior to the month in which
11 she died, at the time such period began or at the time
12 of her death, and filed proof of such support within
13 two years after the date of such death, or, if she had
14 such a period of disability, within two years after the
15 month in which she filed application with respect to
16 such period of disability or two years after the date of
17 such death, as the case may be, or (ii) was receiving at
18 least one-half of his support, as determined in accordance
19 with regulations prescribed by the Secretary, from such
20 individual, and she was a currently insured individual,
21 at the time she became entitled to old-age or disability
22 insurance benefits or, if such individual had a period
23 of disability which did not end prior to the month in
24 which she became so entitled, at the time such period

1 began or at the time she became entitled to such
2 benefits, and filed proof of such support within two
3 years after the month in which she became entitled to
4 such benefits, or, if she had such a period of disability,
5 within two years after the month in which she filed
6 application with respect to such period of disability or
7 two years after the month in which she became entitled
8 to such benefits, as the case may be, and”.

9 Mother's Insurance Benefits

10 (f) Section 202 (g) (1) (F) of such Act is amended
11 by inserting “or, if such individual had a period of disability
12 which did not end prior to the month in which he died, at
13 the time such period began or at the time of such death”
14 after “death”.

15 Parent's Insurance Benefits

16 (g) Subparagraph (B) of section 202 (h) (1) of
17 such Act is amended to read as follows:

18 “(B) (i) was receiving at least one-half of his
19 support from such individual at the time of such indi-
20 vidual's death or, if such individual had a period of
21 disability which did not end prior to the month in
22 which he died, at the time such period began or at the
23 time of such death, and (ii) filed proof of such support
24 within two years after the date of such death, or, if such
25 individual had such a period of disability, within two

years after the month in which such individual filed application with respect to such period of disability or two years after the date of such death, as the case may be,”.

Simultaneous Entitlement to Benefits

(h) Section 202 (k) of such Act is amended by inserting “or disability” after “old-age” each time it appears therein.

Adjustment of Benefits of Female Beneficiaries

(i) (1) Subparagraph (B) of paragraph (5) of section 202 (q) of such Act is amended to read as follows:

“(B) the number equal to the number of months for which the wife’s insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b), under section 203 (c), or under section 222 (b),”.

(2) Such paragraph is further amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof “, and”, by striking out “(A), (B), and (C)” in the material following subparagraph (C) and inserting in lieu thereof “(A), (B), (C), and (D)”, and by adding after subparagraph (C) the following new subparagraph:

“(D) the number equal to the number of months for which such wife’s insurance benefit was reduced un-

1 der such paragraph (2), but in or after which her en-
2 titlement to wife's insurance benefits was terminated be-
3 cause her husband ceases to be under a disability, not
4 including in such number of months any month after
5 such termination in which she was entitled to wife's
6 insurance benefits.”.

7 (3) Subparagraph (A) of paragraph (6) of such sec-
8 tion 202 (q) is amended to read as follows:

9 “(A) the number equal to the number of months
10 for which such benefit was reduced under such para-
11 graph, but for which such benefit was subject to deduc-
12 tions under paragraph (1) or (2) of section 203 (b),
13 under section 203 (c), or under section 222 (b), and”.

14 (4) Such paragraph is further amended by striking out
15 the period at the end of subparagraph (C) and inserting in
16 lieu thereof “, and”, by striking out “(A), (B), and (C)”
17 in the material following subparagraph (C) and inserting
18 in lieu thereof “(A), (B), (C), and (D)”, and by adding
19 after subparagraph (C) the following new subparagraph:

20 “(D) the number equal to the number of months
21 for which such wife's insurance benefit was reduced
22 under such paragraph, but in or after which her entitle-
23 ment to wife's insurance benefits was terminated because
24 her husband ceased to be under a disability, not includ-

ing in such number of months any month after such termination in which she was entitled to wife's insurance benefits."

Deduction Provision

(j) Section 203 (c) of such Act is amended by inserting "based on the wages and self-employment income of an individual entitled to old-age insurance benefits" after "child's insurance benefit" the first time it appears therein.

Circumstances Under Which Deductions Not Required

(k) Section 203 (h) of such Act is amended to read as follows:

"Circumstances Under Which Deductions Not Required

"(h) In the case of any individual, deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled only to the extent that such deductions reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

Currently Insured Individual

(l) Section 214 (b) of such Act is amended by inserting "or disability" immediately after "old-age".

1 Rounding of Benefits

2 (m) Section 215 (g) of such Act is amended by strik-
3 ing out “sections 203 (a) and 224” and inserting in lieu
4 thereof “section 203 (a)”. b6 b7C

5 Deductions on Account of Refusal To Accept Rehabilitation
6 Services

(n) Section 222 (b) of such Act is amended by inserting after paragraph (2) (added by section 307 (g) of this Act) the following new paragraph:

10 “(3) Deductions shall be made from any wife’s, hus-
11 band’s, or child’s insurance benefit based on the wages and
12 self-employment income of an individual entitled to disability
13 insurance benefits to which a wife, husband, or child is
14 entitled until the total of such deductions equal such wife’s,
15 husband’s, or child’s insurance benefit or benefits under sec-
16 tion 202 for any month in which the individual, on the basis
17 of whose wages and self-employment income such benefit
18 was payable, refuses to accept rehabilitation services and
19 deductions, on account of such refusal, are imposed under
20 paragraph (1).”

21 Suspension of Benefits Based on Disability

(o) Section 225 of such Act is amended by adding at the end thereof the following new sentence: “Whenever the benefits of an individual entitled to a disability insurance benefit are suspended for any month, the benefits of any

1 individual entitled thereto under subsection (b), (c), or (d)
2 of section 202 on the basis of the wages and self-employment
3 income of such individual, shall be suspended for such
4 month.”

5 REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

6 SEC. 206. Section 224 of such Act is hereby repealed.

7 EFFECTIVE DATES

8 SEC. 207. (a) The amendments made by section 201
9 shall apply with respect to applications for a disability deter-
10 mination under section 216 (i) of the Social Security Act
11 filed after June 1961. The amendments made by section
12 202 shall apply with respect to applications for disability
13 insurance benefits under section 223 of such Act filed after
14 December 1957. The amendments made by section 203
15 shall apply with respect to applications for a disability deter-
16 mination under such section 216 (i) filed after June 1958.
17 The amendments made by section 204 shall apply with
18 respect to (1) applications for disability insurance benefits
19 under such section 223 or for a disability determination under
20 such section 216 (i) filed on or after the date of enactment
21 of this Act, and (2) applications for such benefits or for
22 such a determination filed after 1957 and prior to such date of
23 enactment if notice to the applicant of the Secretary's decision
24 with respect thereto has not been given to him on or prior to
25 such date, except that (A) no benefits under title II of the

1 Social Security Act for the month in which this Act is enacted
2 or any prior month shall be payable or increased by reason of
3 the amendments made by section 204 of this Act, and (B)
4 the provisions of section 215 (f) (1) of the Social Security
5 Act shall not prevent recomputation of monthly benefits under
6 section 202 of such Act (but no such recomputation shall be
7 regarded as a recomputation for purposes of section 215 (f)
8 of such Act). The amendments made by section 205 (other
9 than by subsection (k)) shall apply with respect to monthly
10 benefits under title II of the Social Security Act for months
11 after the month in which this Act is enacted, but only if an
12 application for such benefits is filed on or after the date of
13 enactment of this Act. The amendments made by section
14 206 and by subsection (k) of section 205 shall apply with
15 respect to monthly benefits under title II of the Social
16 Security Act for the month in which this Act is enacted and
17 succeeding months.

18 (b) In the case of any husband, widower, or parent
19 who would not be entitled to benefits under section 202 (c) ,
20 section 202 (f) , and section 202 (h) , respectively, of the
21 Social Security Act except for the enactment of section 205
22 of this Act, the requirement in such section 202 (c) , sec-

tion 202 (f), or section 202 (h), as the case may be, that proof of support be filed within a two-year period shall not apply if such proof is filed within two years after the month in which this Act is enacted.

TITLE III—PROVISIONS RELATING TO ELIGIBILITY OF CLAIMANTS FOR SOCIAL SECURITY BENEFITS, AND MISCELLANEOUS PROVISIONS

ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS BENEFITS

Husband's Insurance Benefits

SEC. 301. (a) (1) Section 202 (c) of the Social Security Act is amended by redesignating paragraph (2) as paragraph (3) and adding after paragraph (1) the following new paragraph:

“(2) The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph, shall not be applicable in the case of any husband who—

“(A) in the month prior to the month of his marriage to such individual was entitled to, or on application

1 therefor and attainment of retirement age in such prior
 2 month would have been entitled to, benefits under sub-
 3 section (f) or (h) ; or

4 “(B) in the month prior to the month of his mar-
 5 riage to such individual had attained age eighteen and
 6 was entitled to, or on application therefor would have
 7 been entitled to, benefits under subsection (d).”

8 (2) Section 216 (f) of such Act is amended to read as
 9 follows:

10 “(f) The term ‘husband’ means the husband of an
 11 individual, but only if (1) he is the father of her son or
 12 daughter, (2) he was married to her for a period of not
 13 less than three years immediately preceding the day on
 14 which his application is filed, or (3) in the month prior to
 15 the month of his marriage to her (A) he was entitled to,
 16 or on application therefor and attainment of retirement age
 17 in such prior month would have been entitled to, benefits
 18 under subsection (f) or (h) of section 202, or (B) he had
 19 attained age eighteen and was entitled to, or on application
 20 therefor would have been entitled to, benefits under subsec-
 21 tion (d) of such section.”

22 Widow’s Insurance Benefits

23 (b) (1) Subparagraph (B) of section 202 (e) (3)
 24 of such Act is amended by striking out “but she is not
 25 his widow (as defined in section 216 (c))” and inserting

1 in lieu thereof “which occurs within one year after such
2 marriage and he did not die a fully insured individual”.

3 (2) Section 216 (c) of such Act is amended to read as
4 follows:

5 “(c) The term ‘widow’ (except when used in section
6 202 (i)) means the surviving wife of an individual, but
7 only if (1) she is the mother of his son or daughter, (2)
8 she legally adopted his son or daughter while she was married
9 to him and while such son or daughter was under the age
10 of eighteen, (3) he legally adopted her son or daughter
11 while she was married to him and while such son or daughter
12 was under the age of eighteen, (4) she was married to him
13 at the time both of them legally adopted a child under the
14 age of eighteen, (5) she was married to him for a period of
15 not less than one year immediately prior to the day on
16 which he died, or (6) in the month prior to the month of
17 her marriage to him (A) she was entitled to, or on applica-
18 tion therefor and attainment of retirement age in such prior
19 month would have been entitled to, benefits under subsection
20 (e) or (h) of section 202, or (B) she had attained age
21 eighteen and was entitled to, or on application therefor
22 would have been entitled to, benefits under subsection (d)
23 of such section.”

1 Widower's Insurance Benefits

2 (c) (1) Section 202 (f) of such Act is amended by
3 redesignating paragraph (2) as paragraph (3) and by
4 adding after paragraph (1) the following new paragraph:

5 “(2) The requirement in paragraph (1) that the
6 deceased fully insured individual also be a currently insured
7 individual, and the provisions of subparagraph (D) of such
8 paragraph, shall not be applicable in the case of any indi-
9 vidual who—

10 “(A) in the month prior to the month of his
11 marriage to such individual was entitled to, or on ap-
12 plication therefor and attainment of retirement age in
13 such prior month would have been entitled to, benefits
14 under this subsection or subsection (h) ; or

15 “(B) in the month prior to the month of his mar-
16 riage to such individual had attained age eighteen and
17 was entitled to, or on application therefor would have
18 been entitled to, benefits under subsection (d).”

19 (2) Section 216 (g) of such Act is amended to read
20 as follows:

21 “(g) The term ‘widower’ (except when used in section
22 202 (i)) means the surviving husband of an individual,
23 but only if (1) he is the father of her son or daughter, (2)
24 he legally adopted her son or daughter while he was married
25 to her and while such son or daughter was under the age

1 of eighteen, (3) she legally adopted his son or daughter
2 while he was married to her and while such son or daughter
3 was under the age of eighteen, (4) he was married to her
4 at the time both of them legally adopted a child under the
5 age of eighteen, (5) he was married to her for a period of
6 not less than one year immediately prior to the day on which
7 she died, or (6) in the month before the month of his
8 marriage to her (A) he was entitled to, or on application
9 therefor and attainment of retirement age in such prior
10 month would have been entitled to, benefits under subsec-
11 tion (f) or (h) of section 202, or (B) he had attained age
12 eighteen and was entitled to, or on application therefor
13 would have been entitled to, benefits under subsection (d)
14 of such section.”

15 Definition of Wife

16 (d) Section 216 (b) of such Act is amended by striking
17 out “or” at the end of the clause (1), and by inserting before
18 the period at the end thereof: “, or (3) in the month prior
19 to the month of her marriage to him (A) was entitled to,
20 or on application therefor and attainment of retirement age
21 in such prior month would have been entitled to, benefits
22 under subsection (e) or (h) of section 202, or (B) had
23 attained age eighteen and was entitled to, or on application
24 therefor would have been entitled to, benefits under subsection
25 (d) of such section”.

1 Definition of Former Wife Divorced

2 (e) Section 216 (d) of such Act is amended to read
3 as follows:

4 “(d) The term ‘former wife divorced’ means a woman
5 divorced from an individual, but only if (1) she is the mother
6 of his son or daughter, (2) she legally adopted his son or
7 daughter while she was married to him and while such son
8 or daughter was under the age of eighteen, (3) he legally
9 adopted her son or daughter while she was married to him
10 and while such son or daughter was under the age of eighteen,
11 or (4) she was married to him at the time both of them
12 legally adopted a child under the age of eighteen.”

13 Effective Date

14 (f) The amendments made by this section shall apply
15 with respect to monthly benefits under section 202 of the
16 Social Security Act for months beginning after the date of
17 enactment of this Act, but only if an application for such
18 benefits is filed on or after such date.

19 ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS

20 BENEFITS

21 Definition of Child

22 SEC. 302. (a) Section 216 (e) of such Act is amended
23 to read as follows:

24 “(e) The term ‘child’ means (1) the child or legally
25 adopted child of an individual, and (2) in the case of a

1 living individual, a stepchild who has been such stepchild
2 for not less than three years immediately preceding the
3 day on which application for child's benefits is filed, and
4 (3) in the case of a deceased individual, a stepchild who
5 has been such stepchild for not less than one year immedi-
6 ately preceding the day on which such individual died. For
7 purposes of clause (1), a person shall be deemed, as of
8 the date of death of an individual, to be the legally adopted
9 child of such individual if such person was at the time of
10 such individual's death living in such individual's household
11 and was legally adopted by such individual's surviving spouse
12 after such individual's death but before the end of two
13 years after the day on which such individual died; except
14 that this sentence shall not apply if at the time of such
15 individual's death such person was receiving regular con-
16 tributions toward his support from someone other than such
17 individual or his spouse, or from any public or private wel-
18 fare organization which furnishes services or assistance for
19 children."

20 Effective Date

21 (b) The amendment made by this section shall apply
22 with respect to monthly benefits under section 202 of the
23 Social Security Act for months beginning after the date of
24 enactment of this Act, but only if an application for such
25 benefits is filed on or after such date.

1 ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S
2 INSURANCE BENEFITS

3 SEC. 303. Section 202 (g) of the Social Security Act is
4 amended by adding at the end thereof the following new
5 paragraph:

6 “(3) In the case of any widow or former wife divorced
7 of an individual—

8 “(A) who marries another individual, and

9 “(B) whose marriage to the individual referred to
10 in subparagraph (A) is terminated by his death but she
11 is not his widow as defined in section 216 (c),
12 the marriage to the individual referred to in clause (A)
13 shall, for the purpose of paragraph (1), be deemed not to
14 have occurred. No benefits shall be payable under this sub-
15 section by reason of the preceding sentence for any month
16 prior to whichever of the following is the latest: (i) the
17 month in which the death referred to in subparagraph (B)
18 of the preceding sentence occurs, (ii) the twelfth month
19 before the month in which such widow or former wife
20 divorced files application for purposes of this paragraph,
21 or (iii) the month following the month in which this para-
22 graph is enacted.”

1 ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

2 Provisions Relating to Eligibility

3 SEC. 304. (a) (1) So much of section 202 (h) (1) of
4 the Social Security Act as precedes subparagraph (A) is
5 amended to read as follows:

6 “(1) Every parent (as defined in this subsection) of an
7 individual who died a fully insured individual after 1939,
8 if such parent—”.

9 (2) The amendment made by this subsection shall apply
10 with respect to monthly benefits under section 202 of the
11 Social Security Act for months beginning after the date of
12 enactment of this Act, but only if an application for such
13 benefits is filed on or after such date.

14 Deaths Before Effective Date

15 (b) Where—

16 (1) one or more persons were entitled (without
17 the application of section 202 (j) (1) of the Social
18 Security Act) to monthly benefits under section 202 of
19 such Act for the month in which this Act is enacted on
20 the basis of the wages and self-employment income of an
21 individual; and

22 (2) a person is entitled to a parent's insurance

1 benefit under section 202 (h) of the Social Security
2 Act for any subsequent month on the basis of such wages
3 and self-employment income and such person would
4 not be entitled to such benefit but for the enactment of
5 this section; and

6 (3) the total of the benefits to which all persons are
7 entitled under section 202 of the Social Security Act on
8 the basis of such wages and self-employment income for
9 such subsequent month are reduced by reason of the ap-
10 plication of section 203 (a) of such Act,

11 then the amount of the benefit to which each such person
12 referred to in paragraph (1) of this subsection is entitled
13 for such subsequent month shall be increased, after the appli-
14 cation of such section 203 (a), to the amount it would
15 have been if no person referred to in paragraph (2) of this
16 subsection was entitled to a parent's insurance benefit for
17 such subsequent month on the basis of such wages and self-
18 employment income.

19 Proof of Support in Cases of Deaths Before Effective Date

20 (c) In the case of any parent who would not be entitled
21 to parent's benefits under section 202 (h) of the Social Secu-
22 rity Act except for the enactment of this section, the require-
23 ment in such section 202 (h) that proof of support be filed
24 within two years of the date of death of the insured individual
25 referred to therein shall not apply if such proof is filed within

1 the two-year period beginning with the first day of the month
2 after the month in which this Act is enacted.

3 ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

4 Requirement That Surviving Spouse Be a Member of
5 Deceased's Household

6 SEC. 305. (a) The first sentence of section 202 (i)
7 of the Social Security Act is amended by inserting "in the
8 same household" after "living".

9 Provisions Relating to Widows and Widowers

10 (b) Section 216 (h) of such Act is amended by
11 striking out paragraph (3).

12 Effective Date

13 (c) The amendments made by this section shall apply
14 in the case of lump-sum death payments under such section
15 202 (i) on the basis of the wages and self-employment
16 income of any individual who dies after the month in which
17 this Act is enacted.

18 ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE

19 BENEFITS

20 Provisions Relating to Dependency

21 SEC. 306. (a) Section 202 (d) of the Social Security
22 Act is amended by striking out "who has not attained the
23 age of eighteen" each place it appears in paragraphs (3),
24 (4), and (5) thereof, and by striking out paragraph (6).

1 Effective Date

(b) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

7 ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING
8 CERTAIN SURVIVORS BENEFITS

9 Child's Insurance Benefits

SEC. 307. (a) Section 202 (d) of the Social Security Act is amended by inserting immediately after paragraph (5) thereof the following new paragraph:

13 “(6) In the case of a child who has attained the age of
14 eighteen and who marries—

15 “(A) an individual entitled to benefits under sub-
16 section (a), (e), (f), (g), or (h) of this section or
17 under section 223 (a), or

18 “(B) another individual who has attained the age
19 of eighteen and is entitled to benefits under this sub-
20 section,

21 such child's entitlement to benefits under this subsection
22 shall, notwithstanding the provisions of paragraph (1), not
23 be terminated by reason of such marriage; except that, in
24 the case of such a marriage to a male individual entitled to
25 benefits under section 223 (a) or this subsection, the pre-

ceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or this subsection unless (i) he ceases to be so entitled by reason of his death or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.”

Widow's Insurance Benefits

(b) Section 202 (e) of such Act is amended by inserting at the end thereof the following new paragraph:

“(4) In the case of a widow who marries—

“(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widow's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.”

1 Widower's Insurance Benefits

2 (c) Section 202 (f) of such Act is amended by adding
3 at the end thereof the following new paragraph:

4 “(4) In the case of a widower who marries—

5 “(A) an individual entitled to benefits under sub-
6 section (e), (g), or (h), or

7 “(B) an individual who has attained the age of
8 eighteen and is entitled to benefits under subsection (d),
9 such widower's entitlement to benefits under this subsection
10 shall, notwithstanding the provisions of paragraph (1),
11 not be terminated by reason of such marriage.”

12 Mother's Insurance Benefits

13 (d) Section 202 (g) of such Act is amended by adding
14 after paragraph (3) (added by section 303 of this Act)
15 the following new paragraph:

16 “(4) In the case of a widow or former wife divorced
17 who marries—

18 “(A) an individual entitled to benefits under sub-
19 section (a), (f), or (h), or under section 223 (a), or

20 “(B) an individual who has attained the age of
21 eighteen and is entitled to benefits under subsection (d),
22 the entitlement of such widow or former wife divorced to
23 benefits under this subsection shall, notwithstanding the pro-
24 visions of paragraph (1), not be terminated by reason of
25 such marriage; except that, in the case of such a marriage

1 to an individual entitled to benefits under subsection (d),
2 the preceding provisions of this paragraph shall not apply
3 with respect to benefits for months after the last month for
4 which such individual is entitled to such benefits under
5 subsection (d) unless he ceases to be so entitled by reason
6 of his death.”

7 Parent’s Insurance Benefits

8 (e) Section 202 (h) of such Act is amended by add-
9 ing at the end thereof the following new paragraph:

10 “(4) In the case of a parent who marries—

11 “(A) an individual entitled to benefits under this
12 subsection or subsection (e), (f), or (g), or

13 “(B) an individual who has attained the age of
14 eighteen and is entitled to benefits under subsection
15 (d),

16 such parent’s entitlement to benefits under this subsection
17 shall, notwithstanding the provisions of paragraph (1), not
18 be terminated by reason of such marriage; except that, in
19 the case of such a marriage to a male individual entitled
20 to benefits under subsection (d), the preceding provisions
21 of this paragraph shall not apply with respect to benefits
22 for months after the last month for which such individual
23 is entitled to such benefits under subsection (d) unless he
24 ceases to be so entitled by reason of his death.”

Deduction Provisions

(f) Subsection (c) of section 203 of such Act is amended by inserting “(1)” after “(c)”, by redesignating subparagraphs (1) and (2) as subparagraphs (A) and (B), respectively, by striking out “paragraph (1)” and inserting in lieu thereof “subparagraph (A)”, and by adding at the end of such subsection the following new paragraph:

9 “(2) Deductions shall be made from any child’s insur-
10 ance benefit to which a child who has attained the age of
11 eighteen is entitled or from any mother’s insurance benefit
12 to which a person is entitled until the total of such deductions
13 equals such child’s insurance benefit or benefits or mother’s
14 insurance benefit or benefits under section 202 for any
15 month—

“(A) in which such child or person entitled to mother’s insurance benefit is married to an individual entitled to old-age insurance benefits under section 202 (a) who is under the age of seventy-two and for which month such individual is charged with any earnings under the provisions of subsection (e) of this section, or

23 “(B) in which such child or person entitled to
24 mother’s insurance benefits is married to the indi-
25 vidual referred to in subparagraph (A) and on seven

1 or more different calendar days of which such indi-
2 vidual engaged in noncovered remunerative activity out-
3 side the United States.”

4 Deductions on Account of Refusal To Accept Rehabilitation
5 Services

6 (g) Section 222 (b) of such Act is amended by insert-
7 ing “(1)” after “(b)”, and by adding at the end thereof
8 the following new paragraph:

9 “(2) Deductions shall be made from any child’s in-
10 surance benefit to which a child who has attained the age of
11 eighteen is entitled or from any mother’s insurance benefit
12 to which a person is entitled until the total of such deduc-
13 tions equals such child’s insurance benefit or benefits or
14 mother’s insurance benefit or benefits under section 202
15 for any month in which such child or person entitled to
16 mother’s insurance benefits is married to an individual who
17 is entitled to disability insurance benefits and in which such
18 individual refuses to accept rehabilitation services and a
19 deduction, on account of such refusal, is imposed under
20 paragraph (1). If both this paragraph and paragraph (3)
21 are applicable to a child’s insurance benefit for any month,
22 only an amount equal to such benefit shall be deducted.”

23 Effective Date

24 (h) (1) The amendments made by this section (other
25 than by subsections (f) and (g)) shall apply with respect

1 to monthly benefits under section 202 of the Social Security
2 Act for months following the month in which this Act is
3 enacted; except that in any case in which benefits were ter-
4 minated with the close of the month in which this Act is
5 enacted or any prior month and, if the amendments made by
6 this section had been in effect for such month, such benefits
7 would not have been terminated, the amendments made by
8 this section shall apply with respect to monthly benefits
9 under section 202 of the Social Security Act for months
10 beginning after the date of enactment of this Act, but only
11 if an application for such benefits is filed after such date.

12 (2) The amendment made by subsection (f) shall ap-
13 ply with respect to monthly benefits under section 202 (d)
14 of the Social Security Act for months in any taxable year,
15 of the individual on the basis of whose wages and self-em-
16 ployment income such benefits are payable, beginning after
17 the month in which this Act is enacted.

18 (3) The amendments made by subsection (g) shall
19 apply with respect to monthly benefits under section 202 of
20 the Social Security Act for months, occurring after the month
21 in which this Act is enacted, in which a deduction is incurred
22 under paragraph (1) of section 222 (b) of the Social Se-
23 curity Act.

1 AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF
2 BENEFITS

SEC. 308. (a) Section 203 (e) (2) of such Act is amended by striking out “last month” and “preceding month” wherever they appear and substituting in lieu thereof “first month” and “succeeding month”, respectively.

(b) Section 203 (e) (3) (A) of such Act is amended by striking out “the term ‘last month of such taxable year’ means the latest month” and substituting in lieu thereof “the term ‘first month of such taxable year’ means the earliest month”.

(c) Subsections (e) (2) (D) and (e) (3) (B) (ii) of section 203 of such Act are each amended by striking out “\$80” and inserting in lieu thereof “\$100”.

15 (d) Section 203 (g) (1) of such Act is amended to
16 read as follows:

17 “(g) (1) (A) If an individual is entitled to any
18 monthly insurance benefit under section 202 during any
19 taxable year in which he has earnings or wages, as com-
20 puted pursuant to paragraph (4) of subsection (e), in
21 excess of the product of \$100 times the number of months
22 in such year, such individual (or the individual who is in

1 receipt of such benefit on his behalf) shall make a report to
2 the Secretary of his earnings (or wages) for such taxable
3 year. Such report shall be made on or before the fifteenth
4 day of the fourth month following the close of such year,
5 and shall contain such information and be made in such
6 manner as the Secretary may by regulations prescribe. Such
7 report need not be made for any taxable year (i) beginning
8 with or after the month in which such individual attained
9 the age of 72, or (ii) if benefit payments for all months (in
10 such taxable year) in which such individual is under age 72
11 have been suspended for all such months of such year under
12 the provisions of the first sentence of paragraph (3) of this
13 subsection.

14 “(B) If the benefit payments of an individual have
15 been suspended for all months in any taxable year under
16 the provisions of the first sentence of paragraph (3) of sub-
17 section (g), no benefit payment shall be made to such
18 individual for any such month in such taxable year after the
19 expiration of the period of three years, three months, and
20 fifteen days following the close of such taxable year unless
21 within such period the individual, or some other person
22 entitled to benefits under this title on the basis of the same
23 wages and self-employment income, files with the Secretary

1 information showing that a benefit for such month is payable
2 to such individual.”

3 (e) Section 203 (1) of such Act is amended by striking
4 out “(g)” and inserting in lieu thereof “(g) (1) (A)”.

5 (f) The amendments made by this section shall be
6 applicable with respect to taxable years beginning after the
7 month in which this Act is enacted.

8 REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF
9 HEALTH, EDUCATION, AND WELFARE

10 SEC. 309. The second sentence of section 206 of the
11 Social Security Act is amended by striking out “upon filing
12 with the Administrator a certificate of his right to so practice
13 from the presiding judge or clerk of any such court”.

14 OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

15 SEC. 310. Section 208 of the Social Security Act is
16 amended to read as follows:

17 “PENALTIES

18 “SEC. 208. Whoever—

19 “(a) for the purpose of causing an increase in any
20 payment authorized to be made under this title, or for
21 the purpose of causing any payment to be made where
22 no payment is authorized under this title, shall make or
23 cause to be made any false statement or representation

1 (including any false statement or representation in con-
2 nection with any matter arising under subchapter E of
3 chapter 1, or subchapter A or E of chapter 9 of the
4 Internal Revenue Code of 1939, or chapter 2 or 21 or
5 subtitle F of the Internal Revenue Code of 1954) as to—

6 “(1) whether wages were paid or received for
7 employment (as said terms are defined in this title
8 and the Internal Revenue Code), or the amount of
9 wages or the period during which paid or the person
10 to whom paid; or

11 “(2) whether net earnings from self-employ-
12 ment (as such term is defined in this title and in the
13 Internal Revenue Code) were derived, or as to
14 the amount of such net earnings or the period dur-
15 ing which or the person by whom derived; or

16 “(3) whether a person entitled to benefits
17 under this title had earnings in or for a particular
18 period (as determined under section 203 (e) of
19 this title for purposes of deductions from benefits),
20 or as to the amount thereof; or

21 “(b) makes or causes to be made any false state-
22 ment or representation of a material fact in any appli-
23 cation for any payment or for a disability determination
24 under this title; or

25 “(c) at any time makes or causes to be made any

1 false statement or representation of a material fact for
2 use in determining rights to payment under this title; or

3 “(d) having knowledge of the occurrence of any
4 event affecting (1) his initial or continued right to any
5 payment under this title, or (2) the initial or continued
6 right to any payment of any other individual in whose
7 behalf he has applied for or is receiving such payment,
8 conceals or fails to disclose such event with an intent
9 fraudulently to secure payment either in a greater
10 amount than is due or when no payment is authorized;

11 or

12 “(e) having made application to receive payment
13 under this title for the use and benefit of another and
14 having received such a payment, knowingly and willfully
15 converts such a payment, or any part thereof, to a use
16 other than for the use and benefit of such other person;
17 shall be guilty of a misdemeanor and upon conviction thereof
18 shall be fined not more than \$1,000 or imprisoned for not
19 more than one year, or both.”

20 SICK-LEAVE PAY OF STATE AND LOCAL EMPLOYEES

21 SEC. 311. (a) Subsection (i) of section 209 of the Social
22 Security Act is amended by inserting immediately before
23 the semicolon a period and the following: “As used in this
24 subsection, the term ‘sick pay’ includes remuneration for
25 service in the employ of a State, or a political subdivision

1 (as defined in section 218 (b) (2)) of a State, paid to
2 an employee thereof for a period during which he was absent
3 from work because of sickness”.

4 (b) The amendment made by subsection (a) shall be
5 applicable to remuneration paid after the enactment of this
6 Act, except that, in the case of any coverage group which
7 is included under the agreement of a State under section 218
8 of the Social Security Act, the amendment made by subsection
9 (a) shall also be applicable to remuneration for any member
10 of such coverage group with respect to services performed
11 after the effective date, specified in such agreement, for such
12 coverage group, if such State has paid or agrees, prior to Jan-
13 uary 1, 1959, to pay, prior to such date, the amounts which
14 under section 218 (e) would have been payable with respect
15 to remuneration of all members of such coverage group had
16 the amendment made by subsection (a) been in effect on and
17 after January 1, 1951. Failure by a State to make such
18 payments prior to January 1, 1959, shall be treated the same
19 as failure to make payments when due under section 218 (e).

20 EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN

21 PRODUCTS

22 SEC. 312. (a) Section 210 (a) (1) of the Social
23 Security Act is amended to read as follows:

24 “(1) Service performed by foreign agricultural

workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any other foreign country or possession thereof, on a temporary basis to perform agricultural labor;”.

(b) The amendment made by subsection (a) shall apply with respect to service performed after 1958.

EMPLOYMENT FOR NONPROFIT ORGANIZATION

SEC. 313. (a) Section 210 (a) (8) (B) of title II of the Social Security Act is amended to read as follows:

“(B) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) of the Internal Revenue Code of 1954, which is exempt from income tax under section 501 (a) of such Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 3121 (k) of the Internal Revenue Code of 1954, is in effect if such service is performed by an employee—

“(i) whose signature appears on the list filed by such organization under such section 3121 (k),

“(ii) who became an employee of such organi-

1 zation after the calendar quarter in which the cer-
 2 tificate (other than a certificate referred to in clause
 3 (iii)) was filed, or

4 “ (iii) who, after the calendar quarter in which
 5 the certificate was filed with respect to a group
 6 described in paragraph (1) (E) of such section
 7 3121 (k), became a member of such group,
 8 except that this subparagraph shall apply with respect
 9 to service performed by an employee as a member of
 10 a group described in such paragraph (1) (E) with
 11 respect to which no certificate is in effect;”.

12 (b) The amendment made by subsection (a) shall
 13 apply with respect to certificates filed under section 3121
 14 (k) (1) of the Internal Revenue Code of 1954 after the
 15 date of enactment of this Act.

16 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

17 SEC. 314. (a) Section 211 of the Social Security Act is
 18 amended by adding at the end thereof the following new
 19 subsection:

20 “Partner's Taxable Year Ending as Result of Death

21 “ (f) In computing a partner's net earnings from self-
 22 employment for his taxable year which ends as a result of his
 23 death (but only if such taxable year ends within, and not
 24 with, the taxable year of the partnership), there shall be in-

1 cluded so much of the deceased partner's distributive share
2 of the partnership's ordinary income or loss for the partner-
3 ship taxable year as is not attributable to an interest in the
4 partnership during any period beginning on or after the first
5 day of the first calendar month following the month in which
6 such partner died. For purposes of this subsection—

7 “(1) in determining the portion of the distributive
8 share which is attributable to any period specified in the
9 preceding sentence, the ordinary income or loss of the
10 partnership shall be treated as having been realized or
11 sustained ratably over the partnership taxable year; and

12 “(2) the term ‘deceased partner's distributive
13 share’ includes the share of his estate or of any other
14 person succeeding, by reason of his death, to rights with
15 respect to his partnership interest.”

16 (b) The amendment made by subsection (a) shall
17 apply—

18 (1) with respect to individuals who die after the
19 date of the enactment of this Act, and

20 (2) with respect to any individual who died after
21 1955 and on or before the date of the enactment of this
22 Act, but only if the requirements of section 403 (b) (2)
23 of this Act are met.

1 GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO
2 SERVED IN THE ARMED FORCES OF ALLIED COUNTRIES

3 General Rule

4 SEC. 315. (a) Section 217 of such Act is amended by
5 adding at the end thereof the following new subsection:

6 “(h) (1) For the purposes of this section and section
7 215 (d), any individual who the Secretary finds—

8 “(A) served during World War II (as defined in
9 subsection (d) (1)) in the active military or naval
10 service of a country which was on September 16, 1940,
11 at war with a country with which the United States
12 was at war during World War II;

13 “(B) entered into such active service on or before
14 December 8, 1941;

15 “(C) was a citizen of the United States through-
16 out such period of service or lost his United States
17 citizenship solely because of his entrance into such
18 service;

19 “(D) had resided in the United States for a period
20 or periods aggregating four years during the five-year
21 period ending on the day of, and was domiciled in the
22 United States on the day of, such entrance into such
23 active service; and

24 “(E) (i) was discharged or released from such

1 service under conditions other than dishonorable after
2 active service of ninety days or more or by reason of a
3 disability or injury incurred or aggravated in service in
4 line of duty, or

5 “(ii) died while in such service,
6 shall be considered a World War II veteran (as defined in
7 subsection (d) (2)) and such service shall be considered
8 to have been performed in the active military or naval serv-
9 ice of the United States.

10 “(2) In the case of any individual to whom paragraph
11 (1) applies, proof of support required under section 202
12 (h) may be filed by a parent at any time prior to the ex-
13 piration of two years after the date of such individual’s
14 death or the date of the enactment of this subsection, which-
15 ever is the later.”

16 Reimbursement to Disability Insurance Trust Fund

17 (b) (1) Section 217 (g) (1) of the Social Security
18 Act is amended by deleting “Trust Fund” and inserting in
19 lieu thereof “Trust Funds”.

20 (2) Section 217 (g) (2) of the Social Security Act is
21 amended by deleting “the Trust Fund” each time it appears
22 therein and inserting in lieu thereof “the Federal Old-Age
23 and Survivors Insurance Trust Fund” the first time and
24 “such Trust Fund” the other times.

Effective Date

(c) (1) The amendment made by subsection (a) shall apply only with respect to (A) monthly benefits under sections 202 and 223 of the Social Security Act for 5 months after the month in which this Act is enacted, (B) lump-sum death payments under such section 202 in the case of deaths occurring after the month in which this Act is enacted, and (C) periods of disability under section 216 (i) in the case of applications for a disability determination filed after the month in which this Act is enacted.

11 (2) In the case of any individual—

(A) who is a World War II veteran (as defined in section 217 (d) (2) of the Social Security Act) wholly or partly by reason of service described in section 217 (h) (1) (A) of such Act; and

(B) who (i) became entitled to old-age insurance benefits under section 202 (a) of the Social Security Act or to disability insurance benefits under section 223 of such Act prior to the first day of the month following the month in which this Act is enacted, or (ii) died prior to such first day, and whose widow, former wife divorced, widower, child, or parent is entitled for the month in which this Act is enacted, on the basis of his wages and self-employment income, to a monthly benefit under section 202 of such Act; and

1 (C) any part of whose service described in section
2 217 (h) (1) (A) of the Social Security Act was not
3 included in the computation of his primary insurance
4 amount under section 215 of such Act but would have
5 been included in such computation if the amendment
6 made by subsection (a) of this section had been effective
7 prior to the date of such computation,
8 the Secretary of Health, Education, and Welfare shall, not-
9 withstanding the provisions of section 215 (f) (1) of the
10 Social Security Act, recompute the primary insurance
11 amount of such individual upon the filing of an application,
12 after the month in which this Act is enacted, by him
13 or (if he has died without filing such an application) by
14 any person entitled to monthly benefits under section 202
15 of the Social Security Act on the basis of his wages and
16 self-employment income. Such recomputation shall be made
17 only in the manner provided in title II of the Social Security
18 Act as in effect at the time of the last previous computation
19 or recomputation of such individual's primary insurance
20 amount, and as though application therefor was filed in the
21 month in which application for such last previous computa-
22 tion or recomputation was filed. No recomputation made
23 under this subsection shall be regarded as a recomputation
24 under section 215 (f) of the Social Security Act. Any such
25 recomputation shall be effective for and after the twelfth

1 month before the month in which the application is filed, but
2 in no case for the month in which this Act is enacted or
3 any prior month.

4 POSITIONS COVERED BY STATE AND LOCAL RETIREMENT
5 SYSTEMS

6 Division of Retirement Systems

7 SEC. 316. (a) (1) Section 218 (d) (6) of the Social
8 Security Act is amended to read as follows:

9 “(6) (A) If a retirement system covers positions of
10 employees of the State and positions of employees of one or
11 more political subdivisions of the State, or covers positions
12 of employees of two or more political subdivisions of the
13 State, then, for purposes of the preceding paragraphs of this
14 subsection, there shall, if the State so desires, be deemed to
15 be a separate retirement system with respect to any one or
16 more of the political subdivisions concerned and, where the
17 retirement system covers positions of employees of the
18 State, a separate retirement system with respect to the State
19 or with respect to the State and any one or more of the
20 political subdivisions concerned.

21 “(B) If a retirement system covers positions of em-
22 ployees of one or more institutions of higher learning, then,
23 for purposes of such preceding paragraphs there shall, if the
24 State so desires, be deemed to be a separate retirement sys-
25 tem for the employees of each such institution of higher

1 learning. For the purposes of this subparagraph, the term
2 'institutions of higher learning' includes junior colleges and
3 teachers colleges.

4 “(C) For the purposes of this subsection, any
5 retirement system established by the State of California,
6 Connecticut, Florida, Georgia, Massachusetts, Minnesota,
7 New York, North Dakota, Pennsylvania, Rhode Island,
8 Tennessee, Washington, Wisconsin, or the Territory of Ha-
9 waii, or any political subdivision of any such State or Terri-
10 tory, which, on, before, or after the date of enactment of this
11 subparagraph is divided into two divisions or parts,
12 one of which is composed of positions of members of such
13 system who desire coverage under an agreement under this
14 section and the other of which is composed of positions of
15 members of such system who do not desire such coverage,
16 shall, if the State or Territory so desires and if it is provided
17 that there shall be included in such division or part composed
18 of members desiring such coverage the positions of individ-
19 uals who become members of such system after such cover-
20 age is extended, be deemed to be a separate retirement sys-
21 tem with respect to each such division or part.

22 “(D) The position of any individual which is covered by
23 any retirement system to which subparagraph (C) is appli-
24 cable shall, if such individual is ineligible to become a mem-
25 ber of such system on August 1, 1956, or, if later, the day

1 he first occupies such position, be deemed to be covered
2 by the separate retirement system consisting of the positions
3 of members of the division or part who do not desire cover-
4 age under the insurance system established under this title.

5 “(E) An individual who is in a position covered by a
6 retirement system to which subparagraph (C) is applicable
7 and who is not a member of such system but is eligible to
8 become a member thereof shall, for purposes of this subsec-
9 tion (other than paragraph (8)) be regarded as a member
10 of such system; except that, in the case of any retirement
11 system a division or part of which is covered under the
12 agreement (either in the original agreement or by a modi-
13 fication thereof), which coverage is agreed to prior to 1960,
14 the preceding provisions of this subparagraph shall apply
15 only if the State so requests and any such individual re-
16 ferred to in such preceding provisions shall, if the State so
17 requests, be treated, after division of the retirement system
18 pursuant to such subparagraph (C), the same as individuals
19 in positions referred to in subparagraph (F).

20 “(F) In the case of any retirement system divided pur-
21 suant to subparagraph (C), the position of any member of
22 the division or part composed of positions of members who
23 do not desire coverage may be transferred to the separate
24 retirement system composed of positions of members who
25 desire such coverage if it is so provided in a modification of

1 such agreement which is mailed, or delivered by other
2 means, to the Secretary prior to 1960 or, if later, the expira-
3 tion of one year after the date on which such agreement, or
4 the modification thereof making the agreement applicable to
5 such separate retirement system, as the case may be, is
6 agreed to, but only if, prior to such modification or such
7 later modification, as the case may be, the individual occu-
8 pying such position files with the State a written request
9 for such transfer.

10 “(G) For the purposes of this subsection, in the case
11 of any retirement system of the State of Florida, Georgia,
12 Minnesota, North Dakota, Pennsylvania, Washington, or
13 the Territory of Hawaii which covers positions of employees
14 of such State or Territory who are compensated in whole
15 or in part from grants made to such State or Territory under
16 title III, there shall be deemed to be, if such State or Terri-
17 tory so desires, a separate retirement system with respect to
18 any of the following:

19 “(i) the positions of such employees;

20 “(ii) the positions of all employees of such State
21 or Territory covered by such retirement system who are
22 employed in the department of such State or Territory
23 in which the employees referred to in clause (i) are
24 employed; or

1 “(iii) employees of such State or Territory cov-
2 ered by such retirement system who are employed in
3 such department of such State or Territory in positions
4 other than those referred to in clause (i).”

5 (2) Paragraph (7) of section 218 (d) of such Act is
6 amended by striking out “(created under the fourth sentence
7 of paragraph (6))” and inserting in lieu thereof “(created
8 under subparagraph (C) of paragraph (6) or the corre-
9 sponding provision of prior law)”; and by striking out “the
10 fourth and fifth sentences of paragraph (6)” and inserting
11 in lieu thereof “subparagraphs (C) and (D) of paragraph
12 (6)”.

13 (3) The second sentence of paragraph (2) of section
14 218 (k) of such Act is amended by striking out “the pre-
15 ceding sentence” and inserting in lieu thereof “the first sen-
16 tence of this paragraph”. The last sentence of such para-
17 graph is amended by striking out “the fourth sentence of
18 subsection (d) (6)” and inserting in lieu thereof “sub-
19 paragraph (C) of subsection (d) (6)”. Such paragraph
20 is further amended by inserting after the first sentence the
21 following new sentence: “An individual who is in a position
22 covered by a retirement system divided pursuant to the
23 preceding sentence and who is not a member of such system
24 but is eligible to become a member thereof shall, for purposes
25 of this subsection, be regarded as a member of such system.

1 Coverage under the agreement of any such individual shall
2 be provided under the same conditions, to the extent prac-
3 ticable, as are applicable in the case of the States to which
4 the provisions of subsection (d) (6) (C) apply.”

5 Coverage Under Other Retirement Systems

6 (b) Section 218 (d) of such Act is amended by adding
7 at the end thereof the following new paragraph:

8 “(8) (A) Notwithstanding paragraph (1), if under the
9 provisions of this subsection an agreement is, after December
10 31, 1958, made applicable to service performed in positions
11 covered by a retirement system, service performed by an
12 individual in a position covered by such a system may not be
13 excluded from the agreement because such position is also
14 covered under another retirement system.

15 “(B) Subparagraph (A) shall not apply to service
16 performed by an individual in a position covered under a
17 retirement system if such individual, on the day the agree-
18 ment is made applicable to service performed in positions cov-
19 ered by such retirement system, is not a member of such
20 system and is a member of another system.

21 “(C) If an agreement is made applicable, prior to 1959,
22 to service in positions covered by any retirement system, the
23 preceding provisions of this paragraph shall be applicable
24 in the case of such system if the agreement is modified to so
25 provide.

1 “(D) Except in the case of agreements with the States
 2 named in subsection (p) and agreements with interstate
 3 instrumentalities, nothing in this paragraph shall authorize
 4 the application of an agreement to service in any policeman’s
 5 or fireman’s position.”

6 Retroactive Coverage

7 (c) (1) Section 218 (f) of such Act is amended
 8 by inserting “(1)” immediately after “(f)”, by redesignat-
 9 ing clauses (1), (2), (3), and (4) thereof as clauses (A),
 10 (B), (C), and (D), respectively, and by adding at the
 11 end thereof the following new paragraph:

12 “(2) In the case of service performed by members
 13 of any coverage group—

14 “(A) to which an agreement under this section
 15 is made applicable, and

16 “(B) with respect to which the agreement, or
 17 modification thereof making the agreement so applicable,
 18 specifies an effective date earlier than the date of execu-
 19 tion of such agreement and such modification, re-
 20 spectively,

21 the agreement shall, if so requested by the State, be ap-
 22 plicable to such services (to the extent the agreement was
 23 not already applicable) performed before such date of execu-
 24 tion and after such effective date by any individual as a
 25 member of such coverage group if he is such a member on

1 a date, specified by the State, which is earlier than such date
2 of execution, except that in no case may the date so specified
3 be earlier than the date such agreement or such modification,
4 as the case may be, is mailed, or delivered by other means,
5 to the Secretary.”

6 (2) The amendment made by this subsection shall ap-
7 ply in the case of any agreement, or modification of an
8 agreement, under section 218 of the Social Security Act,
9 which is executed after the date of enactment of this Act.

10 POLICEMEN AND FIREMEN OF INTERSTATE INSTRU-
11 MENTALITIES

12 SEC. 317. Subsection (k) of section 218 of the Social
13 Security Act is amended by adding at the end thereof the
14 following new paragraph:

15 “(3) Any agreement with any instrumentality of two
16 or more States entered into pursuant to this Act may,
17 notwithstanding the provisions of subsection (d) (5) (A)
18 and the references thereto in subsections (d) (1) and (d)
19 (3), apply to service performed by employees of such in-
20 strumentality in any policeman’s or fireman’s position covered
21 by a retirement system, but only upon compliance, to the
22 extent practicable, with the requirements of subsection (d)
23 (3). For the purpose of the preceding sentence, a retire-
24 ment system which covers positions of policemen or firemen
25 or both, and other positions shall, if the instrumentality con-

1 cerned so desires, be deemed to be a separate retirement
2 system with respect to the positions of such policemen or
3 firemen, or both, as the case may be.”

4 TITLE IV—AMENDMENTS TO THE INTERNAL
5 REVENUE CODE OF 1954

6 CHANGES IN TAX SCHEDULES

7 Self-Employment Income Tax

8 SEC. 401. (a) Section 1401 of the Internal Revenue
9 Code of 1954 (relating to rate of tax on self-employment
10 income) is amended to read as follows:

11 “SEC. 1401. RATE OF TAX.

12 “In addition to other taxes, there shall be imposed for
13 each taxable year, on the self-employment income of every
14 individual, a tax as follows:

15 “(1) in the case of any taxable year beginning
16 after December 31, 1958, and before January 1, 1960,
17 the tax shall be equal to $3\frac{3}{4}$ percent of the amount of
18 the self-employment income for such taxable year;

19 “(2) in the case of any taxable year beginning after
20 December 31, 1959, and before January 1, 1963, the
21 tax shall be equal to $4\frac{1}{2}$ percent of the amount of the
22 self-employment income for such taxable year;

23 “(3) in the case of any taxable year beginning

after December 31, 1962, and before January 1, 1966,
the tax shall be equal to $5\frac{1}{4}$ percent of the amount of
the self-employment income for such taxable year;

“(4) in the case of any taxable year beginning
after December 31, 1965, and before January 1, 1969,
the tax shall be equal to 6 percent of the amount of
the self-employment income for such taxable year; and

“(5) in the case of any taxable year beginning
after December 31, 1968, the tax shall be equal to
 $6\frac{3}{4}$ percent of the amount of the self-employment income
for such taxable year.”

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax
on employees under the Federal Insurance Contributions
Act) is amended to read as follows:

“SEC. 3101. RATE OF TAX.

“In addition to other taxes, there is hereby imposed
on the income of every individual a tax equal to the follow-
ing percentages of the wages (as defined in section 3121
(a)) received by him with respect to employment (as
defined in section 3121 (b)) —

“(1) with respect to wages received during the
calendar year 1959, the rate shall be $2\frac{1}{2}$ percent;

1 “(2) with respect to wages received during the
2 calendar years 1960 to 1962, both inclusive, the rate
3 shall be 3 percent;

4 “(3) with respect to wages received during the
5 calendar years 1963 to 1965, both inclusive, the rate
6 shall be $3\frac{1}{2}$ percent;

7 “(4) with respect to wages received during the
8 calendar years 1966 to 1968, both inclusive, the rate
9 shall be 4 percent; and

10 “(5) with respect to wages received after Decem-
11 ber 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

12 Tax on Employers

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

16 "SEC. 3111. RATE OF TAX.

17 “In addition to other taxes, there is hereby imposed on
18 every employer an excise tax, with respect to having indi-
19 viduals in his employ, equal to the following percentages of
20 the wages (as defined in section 3121 (a)) paid by him
21 with respect to employment (as defined in section 3121
22 (b)) —

23 “(1) with respect to wages paid during the calen-
24 dar year 1959, the rate shall be $2\frac{1}{2}$ percent;

25 “(2) with respect to wages paid during the calen-

dar years 1960 to 1962, both inclusive, the rate shall be
3 percent;

“(3) with respect to wages paid during the calen-
dar years 1963 to 1965, both inclusive, the rate shall be
 $3\frac{1}{2}$ percent;

“(4) with respect to wages paid during the calen-
dar years 1966 to 1968, both inclusive, the rate shall be
4 percent; and

“(5) with respect to wages paid after December
31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

Effective Dates

(d) The amendment made by subsection (a) shall
apply with respect to taxable years beginning after Decem-
ber 31, 1958. The amendments made by subsections (b)
and (c) shall apply with respect to remuneration paid after
December 31, 1958.

INCREASE IN TAX BASE

Definition of Self-Employment Income

SEC. 402. (a) (1) Subparagraph (B) of section 1402
(b) (1) of the Internal Revenue Code of 1954 is amended
to read as follows:

“(B) for any taxable year ending after 1954
and before 1959, (i) \$4,200, minus (ii) the
amount of the wages paid to such individual during
the taxable year; and”.

1 (2) Paragraph (1) of section 1402 (b) of such Code
 2 is further amended by adding at the end thereof the following
 3 new subparagraph:

4 “(C) for any taxable year ending after 1958,
 5 (i) \$4,800, minus (ii) the amount of the wages
 6 paid to such individual during the taxable year; or”.

7 Definition of Wages

8 (b) Section 3121 (a) of such Code (relating to the
 9 definition of wages) is amended by striking out “\$4,200”
 10 wherever it appears and inserting in lieu thereof “\$4,800”.

11 Federal Service

12 (c) Section 3122 of such Code (relating to Federal
 13 service) is amended by striking out “\$4,200” wherever it
 14 appears and inserting in lieu thereof “\$4,800”.

15 Refunds

16 (d) (1) Paragraph (1) of section 6413 (c) of such
 17 Code is amended to read as follows:

18 “(1) IN GENERAL.—If by reason of an employee
 19 receiving wages from more than one employer during a
 20 calendar year after the calendar year 1950 and prior to
 21 the calendar year 1955, the wages received by him during
 22 such year exceed \$3,600, the employee shall be entitled
 23 (subject to the provisions of section 31 (b)) to a credit
 24 or refund of any amount of tax, with respect to such
 25 wages, imposed by section 1400 of the Internal Revenue

Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received by him during such year exceed \$4,200, or (B) during any calendar year after the calendar year 1958, the wages received by him during such year exceed provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first \$4,800 of such wages received in such calendar year after 1958."

(2) Subparagraph (A) of section 6413 (c) (2) of such Code is amended to read as follows:

"(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or

instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term 'wages' includes for purposes of this subsection the amount, not to exceed \$3,600 for the calendar year 1951, 1952, 1953, or 1954, \$4,200 for the calendar year 1955, 1956, 1957, or 1958, or \$4,800 for any calendar year after 1958, determined by each such head or agent as constituting wages paid to an employee."

13 Effective Date

(e) The amendments made by subsections (b) and (c) shall be applicable only with respect to remuneration paid after 1958.

17 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

18 General Rule

19 SEC. 403. (a) Section 1402 of the Internal Revenue
20 Code of 1954 is amended by adding at the end thereof the
21 following new subsection:

22 “ (f) PARTNER’S TAXABLE YEAR ENDING AS THE
23 RESULT OF DEATH.—In computing a partner’s net earnings
24 from self-employment for his taxable year which ends as a
25 result of his death (but only if such taxable year ends within,

1 and not with, the taxable year of the partnership), there
 2 shall be included so much of the deceased partner's distribu-
 3 tive share of the partnership's ordinary income or loss for
 4 the partnership taxable year as is not attributable to an
 5 interest in the partnership during any period beginning on
 6 or after the first day of the first calendar month following
 7 the month in which such partner died. For purposes of this
 8 subsection—

9 “(1) in determining the portion of the distributive
 10 share which is attributable to any period specified in the
 11 preceding sentence, the ordinary income or loss of the
 12 partnership shall be treated as having been realized or
 13 sustained ratably over the partnership taxable year; and
 14 “(2) the term ‘deceased partner’s distributive
 15 share’ includes the share of his estate or of any other
 16 person succeeding, by reason of his death, to rights with
 17 respect to his partnership interest.”

18 Effective Date

19 (b) (1) Except as provided in paragraph (2), the
 20 amendment made by subsection (a) shall apply only with
 21 respect to individuals who die after the date of the enact-
 22 ment of this Act.

23 (2) In the case of an individual who died after 1955 and
 24 on or before the date of the enactment of this Act, the amend-
 25 ment made by subsection (a) shall apply only if—

1 (A) before January 1, 1960, there is filed a return
2 (or amended return) of the tax imposed by chapter 2
3 of the Internal Revenue Code of 1954 for the taxable
4 year ending as a result of his death, and

5 (B) in any case where the return is filed solely
6 for the purpose of reporting net earnings from self-em-
7 ployment resulting from the amendment made by sub-
8 section (a), the return is accompanied by the amount
9 of tax attributable to such net earnings.

10 In any case described in the preceding sentence, no interest
11 or penalty shall be assessed or collected on the amount of
12 any tax due under chapter 2 of such Code solely by reason
13 of the operation of section 1402 (f) of such Code.

14 SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

15 SEC. 404. (a) Section 3121 (b) (1) of the Internal
16 Revenue Code of 1954 (relating to definition of employ-
17 ment) is amended to read as follows:

18 “(1) service performed by foreign agricultural
19 workers (A) under contracts entered into in accord-
20 ance with title V of the Agricultural Act of 1949, as
21 amended (65 Stat. 119; 7 U. S. C. 1461-1468), or
22 (B) lawfully admitted to the United States from the
23 Bahamas, Jamaica, and the other British West Indies,
24 or from any other foreign country or possession thereof,
25 on a temporary basis to perform agricultural labor;”.

1 (b) The amendment made by subsection (a) shall
2 apply with respect to service performed after 1958.

3 NONPROFIT ORGANIZATION'S WAIVER CERTIFICATES

4 SEC. 405. (a) Section 3121 (k) (1) of the Internal
5 Revenue Code of 1954 is amended to read as follows:

6 “(1) WAIVER OF EXEMPTION BY ORGANIZA-
7 TION.—

8 “(A) An organization described in section 501
9 (c) (3) which is exempt from income tax under
10 section 501 (a) may file a certificate (in such form
11 and manner, and with such official, as may be pre-
12 scribed by regulations made under this chapter)
13 certifying that it desires to have the insurance sys-
14 tem established by title II of the Social Security
15 Act extended to service performed by its employees
16 and that at least two-thirds of its employees concur
17 in the filing of the certificate. Such certificate may
18 be filed only if it is accompanied by a list contain-
19 ing the signature, address, and social security ac-
20 count number (if any) of each employee who
21 concurs in the filing of the certificate. Such list
22 may be amended at any time prior to the expira-
23 tion of the twenty-fourth month following the calen-
24 dar quarter in which the certificate is filed by filing
25 with the prescribed official a supplemental list or

1 lists containing the signature, address, and social
2 security account number (if any) of each additional
3 employee who concurs in the filing of the certificate.
4 The list and any supplemental list shall be filed in
5 such form and manner as may be prescribed by
6 regulations made under this chapter.

7 “(B) The certificate shall be in effect (for
8 purposes of subsection (b) (8) (B) and for pur-
9 poses of section 210 (a) (8) (B) of the Social
10 Security Act) for the period beginning with which-
11 ever of the following may be designated by the
12 organization:

13 “(i) the first day of the calendar quarter
14 in which the certificate is filed,

15 “(ii) the first day of the calendar quarter
16 succeeding such quarter, or

17 “(iii) the first day of any calendar quarter
18 preceding the calendar quarter in which the
19 certificate is filed, except that, in the case
20 of a certificate filed prior to January 1, 1960,
21 such date may not be earlier than January 1,
22 1956, and in the case of a certificate filed after
23 1959, such date may not be earlier than the
24 first day of the fourth calendar quarter preced-
25 ing the quarter in which such certificate is filed.

1 “(C) In the case of service performed by an
2 employee whose name appears on a supplemental
3 list filed after the first month following the
4 calendar quarter in which the certificate is filed, the
5 certificate shall be in effect (for purposes of subsec-
6 tion (b) (8) (B) and for purposes of section 210
7 (a) (8) (B) of the Social Security Act) only with
8 respect to service performed by such individual for
9 the period beginning with the first day of the calen-
10 dar quarter in which such supplemental list is filed.

11 “(D) The period for which a certificate filed
12 pursuant to this subsection or the corresponding sub-
13 section of prior law is effective may be terminated
14 by the organization, effective at the end of a calen-
15 dar quarter, upon giving 2 years’ advance notice in
16 writing, but only if, at the time of the receipt of
17 such notice, the certificate has been in effect for a
18 period of not less than 8 years. The notice of ter-
19 mination may be revoked by the organization by
20 giving, prior to the close of the calendar quarter
21 specified in the notice of termination, a written
22 notice of such revocation. Notice of termination or
23 revocation thereof shall be filed in such form and

1 manner, and with such official, as may be prescribed
2 by regulations made under this chapter.

3 “(E) If an organization described in subpara-
4 graph (A) employs both individuals who are in
5 positions covered by a pension, annuity, retirement,
6 or similar fund or system established by a State or
7 by a political subdivision thereof and individuals
8 who are not in such positions, the organization shall
9 divide its employees into two separate groups. One
10 group shall consist of all employees who are in
11 positions covered by such a fund or system,
12 and the other group shall consist of all re-
13 maining employees. An organization which has
14 so divided its employees into two groups may file
15 a certificate pursuant to subparagraph (A) with
16 respect to the employees in one of the groups if at
17 least two-thirds of the employees in such group con-
18 cur in the filing of the certificate. The organiza-
19 tion may also file such a certificate with respect to
20 the employees in the other group if at least two-
21 thirds of the employees in such other group concur
22 in the filing of such certificate.

23 “(F) If a certificate filed pursuant to this para-
24 graph is effective for one or more calendar quarters

1 prior to the quarter in which the certificate is filed,
2 then—

3 “(i) for purposes of computing interest
4 and for purposes of section 6651 (relating to
5 addition to tax for failure to file tax return), the
6 due date for the return and payment of the tax
7 for such prior calendar quarters resulting from
8 the filing of such certificate shall be the last
9 day of the calendar month following the calen-
10 dar quarter in which the certificate is filed; and

11 “(ii) the statutory period for the assess-
12 ment of such tax shall not expire before the
13 expiration of 3 years from such due date.”

14 (b) Section 3121 (b) (8) (B) of the Internal Reve-
15 nue Code of 1954 is amended to read as follows:

16 “(B) service performed in the employ of a
17 religious, charitable, educational, or other organiza-
18 tion described in section 501 (c) (3) which is
19 exempt from income tax under section 501 (a),
20 but this subparagraph shall not apply to service per-
21 formed during the period for which a certificate, filed
22 pursuant to subsection (k) (or the corresponding
23 subsection of prior law), is in effect if such service
24 is performed by an employee—

1 “(i) whose signature appears on the list
2 filed by such organization under subsection (k)
3 (or the corresponding subsection of prior law),

4 “(ii) who became an employee of such
5 organization after the calendar quarter in which
6 the certificate (other than a certificate referred
7 to in clause (iii)) was filed, or

8 “(iii) who, after the calendar quarter in
9 which the certificate was filed with respect to a
10 group described in section 3121 (k) (1) (E),
11 became a member of such group,

12 except that this subparagraph shall apply with re-
13 spect to service performed by an employee as a
14 member of a group described in section 3121 (k)
15 (1) (E) with respect to which no certificate is in
16 effect;”.

17 (c) The amendments made by subsections (a) and (b)
18 shall apply with respect to certificates filed under section
19 3121 (k) (1) of the Internal Revenue Code of 1954 after
20 the date of enactment of this Act.

21 EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY
22 SEC. 406. Section 6334 (a) of the Internal Revenue
23 Code of 1954 (relating to enumeration of property exempt
24 from levy) is amended by adding at the end thereof the
25 following new paragraph:

1 “(4) UNEMPLOYMENT BENEFITS.—Any amount
2 payable to an individual with respect to his unemploy-
3 ment (including any portion thereof payable with re-
4 spect to dependents) under an unemployment compensa-
5 tion law of the United States, of any State or Territory,
6 or of the District of Columbia or of the Commonwealth
7 of Puerto Rico.”

8 TITLE V—AMENDMENTS RELATING TO PUBLIC
9 ASSISTANCE

10 OLD-AGE ASSISTANCE

11 SEC. 501. Subsection (a) of section 3 of the Social
12 Security Act is amended to read as follows:

13 “(a) From the sums appropriated therefor, the Secre-
14 tary of the Treasury shall pay to each State which has an
15 approved plan for old-age assistance, for each quarter, be-
16 ginning with the quarter commencing October 1, 1958,
17 (1) in the case of any State other than Puerto Rico, the
18 Virgin Islands, and Guam, an amount equal to the sum of
19 the following proportions of the total amounts expended
20 during such quarter as old-age assistance under the State
21 plan (including expenditures for insurance premiums for
22 medical or any other type of remedial care or the cost
23 thereof) —

24 “(A) four-fifths of such expenditures, not counting

1 so much of any expenditure with respect to any month
2 as exceeds the product of \$30 multiplied by the total
3 number of recipients of old-age assistance for such
4 month (which total number, for purposes of this clause
5 and clause (B) and for purposes of clause (2), means
6 (i) the number of individuals who received old-age
7 assistance in the form of money payments for such
8 month, plus (ii) the number of other individuals with
9 respect to whom expenditures were made in such month
10 as old-age assistance in the form of medical or any other
11 type of remedial care) ; plus

12 “(B) the Federal percentage of the amount by
13 which such expenditures exceed the maximum which
14 may be counted under clause (A), but not counting
15 so much of any expenditure with respect to any month
16 as exceeds the product of \$66 multiplied by the total
17 number of such recipients of old-age assistance for such
18 month;

19 and (2) in the case of Puerto Rico, the Virgin Islands, and
20 Guam, an amount equal to one-half of the total of the sums
21 expended during such quarter as old-age assistance under
22 the State plan (including expenditures for insurance pre-
23 miums for medical or any other type of remedial care or
24 the cost thereof), not counting so much of any expenditure
25 with respect to any month as exceeds \$36 multiplied by the

1 total number of recipients of old-age assistance for such
2 month; and (3) in the case of any State, an amount equal
3 to one-half of the total of the sums expended during such
4 quarter as found necessary by the Secretary of Health, Edu-
5 cation, and Welfare for the proper and efficient administra-
6 tion of the State plan, including services which are provided
7 by the staff of the State agency (or of the local agency
8 administering the State plan in the political subdivision)
9 to applicants for and recipients of old-age assistance to help
10 them attain self-care.”

11 AID TO DEPENDENT CHILDREN

12 SEC. 502. Subsection (a) of section 403 of the Social
13 Security Act is amended to read as follows:

14 “(a) From the sums appropriated therefor, the Secre-
15 tary of the Treasury shall pay to each State which has an
16 approved plan for aid to dependent children, for each quarter,
17 beginning with the quarter commencing October 1, 1958,
18 (1) in the case of any State other than Puerto Rico, the Vir-
19 gin Islands, and Guam, an amount equal to the sum of the
20 following proportions of the total amounts expended during
21 such quarter as aid to dependent children under the State
22 plan (including expenditures for insurance premiums for
23 medical or any other type of remedial care or the cost
24 thereof) —

25 “(A) five-sixths of such expenditures, not counting

1 so much of any expenditure with respect to any month
2 as exceeds the product of \$18 multiplied by the total
3 number of recipients of aid to dependent children for
4 such month (which total number, for purposes of this
5 clause and clause (B) and for purposes of clause (2),
6 means (i) the number of individuals with respect to
7 whom aid to dependent children in the form of money
8 payments is paid for such month, plus (ii) the number
9 of other individuals with respect to whom expenditures
10 were made in such month as aid to dependent children
11 in the form of medical or any other type of remedial
12 care) ; plus

13 “(B) the Federal percentage of the amount by
14 which such expenditures exceed the maximum which
15 may be counted under clause (A), but not counting so
16 much of any expenditure with respect to any month
17 as exceeds the product of \$33 multiplied by the total
18 number of recipients of aid to dependent children for
19 such month;

20 and (2) in the case of Puerto Rico, the Virgin Islands,
21 and Guam, an amount equal to one-half of the total of the
22 sums expended during such quarter as aid to dependent
23 children under the State plan (including expenditures for
24 insurance premiums for medical or any other type of
25 remedial care or the cost thereof), not counting so much

1 of any expenditure with respect to any month as exceeds
2 \$18 multiplied by the total number of recipients of aid to
3 dependent children for such month; and (3) in the case
4 of any State, an amount equal to one-half of the total of the
5 sums expended during such quarter as found necessary by
6 the Secretary of Health, Education, and Welfare for the
7 proper and efficient administration of the State plan, in-
8 cluding services which are provided by the staff of the State
9 agency (or of the local agency administering the State plan
10 in the political subdivision) to relatives with whom such
11 children (applying for or receiving such aid) are living,
12 in order to help such relatives attain self-support or self-
13 care, or which are provided to maintain and strengthen
14 family life for such children.”

15 AID TO THE BLIND

16 SEC. 503. Subsection (a) of section 1003 of the Social
17 Security Act is amended to read as follows:

18 “(a) From the sums appropriated therefor, the Secre-
19 tary of the Treasury shall pay to each State which has an
20 approved plan for aid to the blind, for each quarter, begin-
21 ning with the quarter commencing October 1, 1958, (1)
22 in the case of any State other than Puerto Rico, the Virgin
23 Islands, and Guam, an amount equal to the sum of the
24 following proportions of the total amounts expended during
25 such quarter as aid to the blind under the State plan (in-

1 cluding expenditures for insurance premiums for medical or
2 any other type of remedial care or the cost thereof) —

3 “ (A) four-fifths of such expenditures, not counting
4 so much of any expenditure with respect to any month
5 as exceeds the product of \$30 multiplied by the total
6 number of recipients of aid to the blind for such month
7 (which total number, for purposes of this clause and
8 clause (B) and for purposes of clause (2), means
9 (i) the number of individuals who received aid to the
10 blind in the form of money payments for such month,
11 plus (ii) the number of other individuals with respect
12 to whom expenditures were made in such month as
13 aid to the blind in the form of medical or any other
14 type of remedial care) ; plus

15 “ (B) the Federal percentage of the amount by
16 which such expenditures exceed the maximum which
17 may be counted under clause (A), but not counting so
18 much of any expenditure with respect to any month as
19 exceeds the product of \$66 multiplied by the total
20 number of such recipients of aid to the blind for such
21 month;

22 and (2) in the case of Puerto Rico, the Virgin Islands, and
23 Guam, an amount equal to one-half of the total of the sums
24 expended during such quarter as aid to the blind under the
25 State plan (including expenditures for insurance premiums

1 for medical or any other type of remedial care or the cost
2 thereof), not counting so much of any expenditure with
3 respect to any month as exceeds \$36 multiplied by the total
4 number of recipients of aid to the blind for such month; and
5 (3) in the case of any State, an amount equal to one-half
6 of the total of the sums expended during such quarter as
7 found necessary by the Secretary of Health, Education, and
8 Welfare for the proper and efficient administration of the
9 State plan, including services which are provided by the staff
10 of the State agency (or of the local agency administering the
11 State plan in the political subdivision) to applicants for and
12 recipients of aid to the blind to help them attain self-support
13 or self-care.”

14 AID TO THE PERMANENTLY AND TOTALLY DISABLED

15 SEC. 504. Subsection (a) of section 1403 of the Social
16 Security Act is amended to read as follows:

17 “(a) From the sums appropriated therefor, the Secre-
18 tary of the Treasury shall pay to each State which has an
19 approved plan for aid to the permanently and totally dis-
20 abled, for each quarter, beginning with the quarter com-
21 mencing October 1, 1958, (1) in the case of any State other
22 than Puerto Rico, the Virgin Islands, and Guam, an amount
23 equal to the sum of the following proportions of the total
24 amounts expended during such quarter as aid to the perma-
25 nently and totally disabled under the State plan (including

1 expenditures for insurance premiums for medical or any
2 other type of remedial care or the cost thereof) —

3 “(A) four-fifths of such expenditures, not counting
4 so much of any expenditure with respect to any month as
5 exceeds the product of \$30 multiplied by the total
6 number of recipients of aid to the permanently and
7 totally disabled for such month (which total number,
8 for purposes of this clause and clause (B) and for pur-
9 poses of clause (2), means (i) the number of individ-
10 uals who received aid to the permanently and totally dis-
11 abled in the form of money payments for such month,
12 plus (ii) the number of other individuals with respect
13 to whom expenditures were made in such month as aid
14 to the permanently and totally disabled in the form of
15 medical or any other type of remedial care); plus

16 “(B) the Federal percentage of the amount by
17 which such expenditures exceed the maximum which
18 may be counted under clause (A), but not counting
19 so much of any expenditure with respect to any month
20 as exceeds the product of \$66 multiplied by the total
21 number of such recipients of aid to the permanently
22 and totally disabled for such month;

23 and (2) in the case of Puerto Rico, the Virgin Islands, and
24 Guam, an amount equal to one-half of the total of the sums
25 expended during such quarter as aid to the permanently

1 and totally disabled under the State plan (including ex-
 2 penditures for insurance premiums for medical or any other
 3 type of remedial care or the cost thereof), not counting
 4 so much of any expenditure with respect to any month as
 5 exceeds \$36 multiplied by the total number of recipients
 6 of aid to the permanently and totally disabled for such
 7 month; and (3) in the case of any State, an amount equal to
 8 one-half of the total of the sums expended during such
 9 quarter as found necessary by the Secretary of Health,
 10 Education, and Welfare for the proper and efficient admin-
 11 istration of the State plan, including services which are
 12 provided by the staff of the State agency (or of the local
 13 agency administering the State plan in the political sub-
 14 division) to applicants for and recipients of aid to the per-
 15 manently and totally disabled to help them attain self-sup-
 16 port or self-care.”

17 FEDERAL MATCHING PERCENTAGE

18 SEC. 505. Subsection (a) of section 1101 of the Social
 19 Security Act is amended by adding at the end thereof the fol-
 20 lowing new paragraph:

21 “(8) (A) The ‘Federal percentage’ for any State
 22 (other than Puerto Rico, the Virgin Islands, and Guam)
 23 shall be 100 per centum less the State percentage; and
 24 the State percentage shall be that percentage which

1 bears the same ratio to 50 per centum as the square of
2 the per capita income of such State bears to the square
3 of the per capita income of the continental United States
4 (excluding Alaska) ; except that (i) the Federal per-
5 centage shall in no case be less than 50 per centum or
6 more than 70 per centum, and (ii) the Federal per-
7 centage shall be 50 per centum for Alaska and Hawaii.

8 “(B) The Federal percentage for each State (other
9 than Puerto Rico, the Virgin Islands, and Guam) shall
10 be promulgated by the Secretary between July 1 and
11 August 31 of each even-numbered year, on the basis of
12 the average per capita income of each State and of the
13 continental United States (excluding Alaska) for the
14 three most recent calendar years for which satisfactory
15 data are available from the Department of Commerce.
16 Such promulgation shall be conclusive for each of the
17 eight quarters in the period beginning July 1 next suc-
18 ceeding such promulgation: *Provided*, That the Secre-
19 tary shall promulgate such percentage as soon as possi-
20 ble after the enactment of the Social Security Amend-
21 ments of 1958, which promulgation shall be conclusive
22 for each of the eleven quarters in the period beginning
23 October 1, 1958, and ending with the close of June 30,
24 1961.”

EXTENSION TO GUAM

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

SEC. 506. Section 1101 (a) (1) of the Social Security Act is amended by striking out “Puerto Rico and the Virgin Islands” and inserting in lieu thereof “Puerto Rico, the Virgin Islands, and Guam”.

INCREASE IN LIMITATIONS ON PUBLIC ASSISTANCE PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 507. (a) Section 1108 of the Social Security Act is amended by striking out “\$5,312,500” and “\$200,000” and inserting in lieu thereof “\$8,500,000” and “\$300,000”, respectively, by striking out “and” immediately following the semicolon, and by adding immediately before the period at the end thereof “; and the total amount certified by the Secretary under such titles for payment to Guam with respect to any fiscal year shall not exceed \$400,000”.

(b) The heading of such section is amended to read “LIMITATION ON PAYMENTS TO PUERTO RICO, VIRGIN ISLANDS, AND GUAM”.

MATERNAL AND CHILD WELFARE GRANTS FOR GUAM

SEC. 508. Such section 1108 is further amended by adding at the end thereof the following new sentence: “Notwithstanding the provisions of sections 502 (a) (2), 512 (a) (2), and 522 (a), and until such time as the Congress may by appropriation or other law otherwise provide, the

1 Secretary shall, in lieu of the \$60,000, \$60,000, and
 2 \$60,000, respectively, specified in such sections, allot such
 3 smaller amounts to Guam as he may deem appropriate.”

4 TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS

5 RELATING TO STATE PLANS FOR AID TO THE BLIND

6 SEC. 509. Section 344 (b) of the Social Security Act
 7 Amendments of 1950 (Public Law 734, Eighty-first Con-
 8 gress), as amended, is amended by striking out “June 30,
 9 1959” and inserting in lieu thereof “June 30, 1961”.

10 SPECIAL PROVISION FOR CERTAIN INDIANS REPEALED

11 SEC. 510. Effective in the case of payments with respect
 12 to expenditures by States, under plans approved under title
 13 I, IV, or X of the Social Security Act, for quarters beginning
 14 after September 30, 1958, section 9 of the Act of April 19,
 15 1950, as amended (25 U. S. C. 639), is repealed.

16 TECHNICAL AMENDMENT

17 SEC. 511. Section 2 (a) (11) of the Social Security
 18 Act is amended by inserting before the period at the end
 19 thereof “, including a description of the steps taken to assure,
 20 in the provision of such services, maximum utilization of
 21 other agencies providing similar or related services”.

22 EFFECTIVE DATES

23 SEC. 512. Notwithstanding the provisions of sections
 24 305 and 345 of the Social Security Amendments of 1956,
 25 as amended, the amendments made by sections 501, 502,
 26 503, 504, 505, and 506 shall be effective—

(1) in the case of money payments, under a State plan approved under title I, IV, X, or XIV of the Social Security Act, for months after September 1958, and

(2) in the case of assistance in the form of medical or any other type of remedial care, under such a plan, with respect to expenditures made after September 1958.

The amendment made by section 506 shall also become effective, for purposes of title V of the Social Security Act, for fiscal years ending after June 30, 1959. The amendments made by section 507 shall be effective for fiscal years ending after June 30, 1958. The amendment made by section 508 shall be effective for fiscal years ending after June 30, 1959. The amendment made by section 510 shall become effective October 1, 1958.

TITLE VI—MATERNAL AND CHILD WELFARE

CHILD WELFARE SERVICES

SEC. 601. Part 3 of title V of the Social Security Act is amended to read as follows:

“PART 3—CHILD-WELFARE SERVICES

“APPROPRIATION

“SEC. 521. For the purpose of enabling the United States, through the Secretary, to cooperate with State public-welfare agencies in establishing, extending, and strengthening public-welfare services (hereinafter in this title referred

1 to as 'child-welfare services') for the protection and care of
2 homeless, dependent, and neglected children, and children
3 in danger of becoming delinquent, there is hereby authorized
4 to be appropriated for each fiscal year, beginning with the
5 fiscal year ending June 30, 1959, the sum of \$17,000,000.

6 "ALLOTMENTS TO STATES

7 "SEC. 522. (a) The sums appropriated for each fiscal
8 year under section 521 shall be allotted by the Secretary
9 for use by cooperating State public-welfare agencies which
10 have plans developed jointly by the State agency and the
11 Secretary, as follows: He shall allot to each State such por-
12 tion of \$60,000 as the amount appropriated under section
13 521 for such year bears to the amount authorized to be so
14 appropriated; and he shall allot to each State an amount
15 which bears the same ratio to the remainder of the sums so
16 appropriated for such year as the product of (1) the popula-
17 tion of such State under the age of 21 and (2) the allot-
18 ment percentage of such State (as determined under section
19 524) bears to the sum of the corresponding products of all
20 the States.

21 "(b) (1) If the amount allotted to a State under sub-
22 section (a) for any fiscal year is less than such State's base
23 allotment, it shall be increased to such base allotment, the total
24 of the increases thereby required being derived by propor-
25 tionately reducing the amount allotted under subsection (a)

1 to each of the remaining States, but with such adjustments
2 as may be necessary to prevent the allotment of any such
3 remaining State under subsection (a) from being thereby
4 reduced to less than its base allotment.

5 “(2) For purposes of paragraph (1) the base allot-
6 ment of any State for any fiscal year means the amount
7 which would be allotted to such State for such year under
8 the provisions of section 521, as in effect prior to the enact-
9 ment of the Social Security Amendments of 1958, as applied
10 to an appropriation of \$12,000,000.

11 “PAYMENT TO STATES

12 “SEC. 523. (a) From the sums appropriated therefor
13 and the allotment available under section 522, the Secretary
14 shall from time to time pay to each State with a plan for
15 child-welfare services developed as provided in such section
16 522 an amount equal to the Federal share (as determined
17 under section 524) of the total sum expended under such
18 plan (including the cost of administration of the plan) in
19 meeting the costs of district, county, or other local child-
20 welfare services, in developing State services for the encour-
21 agement and assistance of adequate methods of community
22 child-welfare organization, in paying the costs of returning
23 any runaway child who has not attained the age of eighteen
24 to his own community in another State, and of maintaining
25 such child until such return (for a period not exceeding fifteen

1 days), in cases in which such costs cannot be met by the
 2 parents of such child or by any person, agency, or institution
 3 legally responsible for the support of such child: *Provided*,
 4 That in developing such services for children the facilities and
 5 experience of voluntary agencies shall be utilized in accord-
 6 ance with child-care programs and arrangements in the States
 7 and local communities as may be authorized by the State.

8 “(b) The method of computing and paying such amounts
 9 shall be as follows:

10 “(1) The Secretary shall, prior to the beginning of each
 11 period for which a payment is to be made, estimate the
 12 amount to be paid to the State for such period under the
 13 provisions of subsection (a).

14 “(2) From the allotment available therefor, the Secre-
 15 tary shall pay the amount so estimated, reduced or increased,
 16 as the case may be, by any sum (not previously adjusted
 17 under this section) by which he finds that his estimate of the
 18 amount to be paid the State for any prior period under this
 19 section was greater or less than the amount which should
 20 have been paid thereunder to the State for such prior period.

21 “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

22 “SEC. 524. (a) The ‘allotment percentage’ for any
 23 State shall be 100 per centum less the State percentage;
 24 and the State percentage shall be that percentage which
 25 bears the same ratio to 50 per centum as the per capita in-

1 come of such State bears to the per capita income of the con-
2 tinental United States (excluding Alaska) ; except that
3 (A) the allotment percentage shall in no case be less than
4 30 per centum or more than 70 per centum, and (B) the
5 allotment percentage shall be 50 per centum in the case of
6 Alaska and 70 per centum in the case of Puerto Rico, the
7 Virgin Islands, and Guam.

8 “(b) For the fiscal year ending June 30, 1960,
9 and each year thereafter, the ‘Federal share’ for any State
10 shall be 100 per centum less that percentage which bears
11 the same ratio to 50 per centum as the per capita income of
12 such State bears to the per capita income of the continental
13 United States (excluding Alaska), except that (1) in no
14 case shall the Federal share be less than $33\frac{1}{3}$ per centum
15 or more than $66\frac{2}{3}$ per centum, and (2) the Federal share
16 shall be 50 per centum in the case of Alaska and $66\frac{2}{3}$ per
17 centum in the case of Puerto Rico, the Virgin Islands, and
18 Guam. For the fiscal year ending June 30, 1959, the
19 Federal share shall be determined pursuant to the provisions
20 of section 521 as in effect prior to the enactment of the
21 Social Security Amendments of 1958.

22 “(c) The Federal share and the allotment percentage
23 for each State shall be promulgated by the Secretary between
24 July 1 and August 31 of each even-numbered year, on the
25 basis of the average per capita income of each State and of

1 the continental United States (excluding Alaska) for the
2 three most recent calendar years for which satisfactory data
3 are available from the Department of Commerce. Such
4 promulgation shall be conclusive for each of the two fiscal
5 years in the period beginning July 1 next succeeding such
6 promulgation: *Provided*, That the Secretary shall promul-
7 gate such Federal shares and allotment percentages as soon
8 as possible after the enactment of the Social Security Amend-
9 ments of 1958, which promulgation shall be conclusive until
10 July 1, 1959.

11 "REALLOTMENT

12 "SEC. 525. The amount of any allotment to a State
13 under section 522 for any fiscal year which the State certifies
14 to the Secretary will not be required for carrying out the
15 State plan developed as provided in such section shall be
16 available for reallootment from time to time, on such dates as
17 the Secretary may fix, to other States which the Secretary
18 determines (1) have need in carrying out their State plans
19 so developed for sums in excess of those previously allotted
20 to them under that section and (2) will be able to use such
21 excess amounts during such fiscal year. Such reallootments
22 shall be made on the basis of the State plans so developed,
23 after taking into consideration the population under the age
24 of twenty-one, and the per capita income of each such
25 State as compared with the population under the age of

1 twenty-one, and the per capita income of all such States
2 with respect to which such a determination by the Secretary
3 has been made. Any amount so reallocated to a State shall
4 be deemed part of its allotment under section 522.”

5 MATERNAL AND CHILD HEALTH

6 SEC. 602. (a) Section 501 of such Act is amended by
7 striking out “for the fiscal year ending June 30, 1951, the
8 sum of \$15,000,000, and for each fiscal year beginning after
9 June 30, 1951, the sum of \$16,500,000” and inserting in
10 lieu thereof “for each fiscal year beginning after June 30,
11 1958, the sum of \$21,500,000”.

12 (b) Section 502 (a) (2) of such Act is amended by
13 striking out “for each fiscal year beginning after June 30,
14 1951, the Administrator shall allot \$8,250,000 as follows:
15 He shall allot to each State \$60,000 and shall allot to each
16 State such part of the remainder of the \$8,250,000” and
17 inserting in lieu thereof “for each fiscal year beginning after
18 June 30, 1958, the Secretary shall allot \$10,750,000 as
19 follows: He shall allot to each State \$60,000 (even though
20 the amount appropriated for such year is less than \$21,-
21 500,000), and shall allot each State such part of the re-
22 mainder of the \$10,750,000”.

23 (c) Section 502 (b) of such Act is amended by
24 striking out “the fiscal year ending June 30, 1951, the
25 sum of \$7,500,000, and for each fiscal year beginning after

1 June 30, 1951, the sum of \$8,250,000” and inserting in
2 lieu thereof “each fiscal year beginning after June 30, 1958,
3 the sum of \$10,750,000”.

4 CRIPPLED CHILDREN’S SERVICES

5 SEC. 603. (a) Section 511 of such Act is amended by
6 striking out “for the fiscal year ending June 30, 1951, the
7 sum of \$12,000,000, and for each fiscal year beginning
8 after June 30, 1951, the sum of \$15,000,000” and inserting
9 in lieu thereof “for each fiscal year beginning after June 30,
10 1958, the sum of \$20,000,000”.

11 (b) Section 512 (a) (2) of such Act is amended by
12 striking out “for each fiscal year beginning after June 30,
13 1951, the Administrator shall allot \$7,500,000 as follows:
14 He shall allot to each State \$60,000, and shall allot the
15 remainder of the \$7,500,000” and inserting in lieu thereof
16 “for each fiscal year beginning after June 30, 1958, the
17 Secretary shall allot \$10,000,000 as follows: He shall allot
18 to each State \$60,000 (even though the amount appropri-
19 ated for such year is less than \$20,000,000) and shall allot
20 the remainder of the \$10,000,000”.

21 (c) Section 512 (b) of such Act is amended by strik-
22 ing out “the fiscal year ending June 30, 1951, the sum of
23 \$6,000,000, and for each fiscal year beginning after June
24 30, 1951, the sum of \$7,500,000” and inserting in lieu

1 thereof “each fiscal year beginning after June 30, 1958, the
2 sum of \$10,000,000”.

3 TITLE VII—MISCELLANEOUS PROVISIONS

4 FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH,
5 EDUCATION, AND WELFARE

6 SEC. 701. Section 1106 (b) of the Social Security Act
7 is amended to read as follows:

8 “(b) Requests for information, disclosure of which is
9 authorized by regulations prescribed pursuant to subsection
10 (a) of this section, and requests for services, may, subject
11 to such limitations as may be prescribed by the Secretary to
12 avoid undue interference with his functions under this Act,
13 be complied with if the agency, person, or organization
14 making the request agrees to pay for the information or serv-
15 ices requested in such amount, if any (not exceeding the cost
16 of furnishing the information or services), as may be deter-
17 mined by the Secretary. Payments for information or serv-
18 ices furnished pursuant to this section shall be made in ad-
19 vance or by way of reimbursement, as may be requested by
20 the Secretary, and shall be deposited in the Treasury as a
21 special deposit to be used to reimburse the appropriations
22 (including authorizations to make expenditures from the
23 Federal Old-Age and Survivors Insurance Trust Fund and
24 the Federal Disability Insurance Trust Fund) for the unit

1 or units of the Department of Health, Education, and Wel-
2 fare which furnished the information or services.”

3 COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXEMPT
4 ORGANIZATIONS WHICH PAID TAX

5 SEC. 702. (a) Section 403 (a) (1) of the Social
6 Security Amendments of 1954 is amended by striking out
7 “has failed to file prior to the enactment of the Social Security
8 Amendments of 1956” and inserting in lieu thereof “did
9 not have in effect, during the entire period in which the
10 individual was so employed,”.

11 (b) Section 403 (a) (3) of the Social Security
12 Amendments of 1954 is amended by inserting “performed
13 during the period in which such organization did not have
14 a valid waiver certificate” after “service”.

15 (c) Section 403 (a) (5) of the Social Security
16 Amendments of 1954 is amended by inserting “without
17 knowledge that a waiver certificate was necessary, or” after
18 “in good faith and”.

19 MEANING OF TERM “SECRETARY”

20 SEC. 703. As used in the provisions of the Social Secu-
21 rity Act amended by this Act, the term “Secretary”, unless
22 the context otherwise requires, means the Secretary of
23 Health, Education, and Welfare.

[Report No. 2288]

A BILL

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

By Mr. MIRRIS

JULY 28, 1958

Referred to the Committee on Ways and Means

JULY 28, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

House of Representatives

THURSDAY, JULY 31, 1958

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Isaiah 43: 5: *Fear not, for I am with thee.*

Most merciful and gracious God, we beseech Thee to be patient and favorable unto these Thy servants.

Give them grace to discharge their duties and responsibilities with a pure and steadfast devotion.

In all humility we are asking Thee to gird us with a faith which never fails and a courage that never falters.

May Thy righteous will have the place of preeminence in all our plans and purposes, our deliberations and decisions.

Temper our minds with patience and perseverance, and with a deep sympathy and concern for all who are seeking the blessings of the more abundant life.

In Christ's name we offer our petition. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 12738. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1959, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAVEZ, Mr. HAYDEN, Mr. RUSSELL, Mr. HILL, Mr. ELLENDER, Mr. BYRD, Mr. SALTONSTALL, Mr. BRIDGES, Mr. YOUNG, Mr. KNOWLAND, and Mr. FLANDERS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 13015. An act to authorize certain construction at military installations, and for other purposes.

The message also announced that the Senate insists on its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. STENNIS, Mr. JACKSON, Mr. SALTONSTALL, and Mr. CASE of South Dakota to be the conferees on the part of the Senate.

CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. VINSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 13015) to authorize certain construction at military installations, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. VINSON, BROOKS of Louisiana, KILDAY, DURHAM, RIVERS, ARENDS, GAVIN, WILSON of Indiana, and Mrs. ST. GEORGE.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may be permitted to sit during general debate while the House is in session today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. FLYNT. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may be permitted to sit during general debate while the House is in session today.

The SPEAKER. Is there objection to the request of the Gentleman from Georgia?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1959

Mr. RABAUT. Mr. Speaker, I call up the conference report on the bill (H. R. 12948) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1959, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 30, 1958.)

Mr. RABAUT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 2, strike out "\$20,000,000" and insert "\$21,500,000."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House insist on its disagreement to the amendment of the Senate No. 1.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: On page 18, line 7, after the semicolon, insert "expenses of attendance of one person, without loss of pay or time, at specialized traffic engineering classes, including tuition and entrance fees."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House insist on its disagreement to the Senate amendment No. 13 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 18, line 18, after "appropriation", insert "Provided further, That the Commissioners are authorized and empowered to pay the purchase price and the cost of installation of new parking meters or devices from fees collected from such new meters or devices, which fees are hereby appropriated for such purposes."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House recede from its disagreement to the amendment of the Senate No. 16, and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: Page 19, line 4, after the word "including", strike out "expenses of attendance of one person, without loss of pay or time, at specialized traffic engineering classes, including tuition and entrance fees."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House recede from its disagreement to the amendment of the Senate No. 19, and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 21: Page 19, line 13, strike out "That no part of this or any other appropriation contained in this act shall be expended for building, installing, and maintaining streetcar loading platforms and lights of any description employed to distinguish same, except that a permanent type of platform may be constructed from appropriations contained in this act for street improvements when plans and locations thereof are approved by the Public Utilities Commission and the Director of Vehicles and Traffic and the street railway company shall after construction maintain, mark, and light the same at its expense."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House recede from its disagreement to the amendment of the Senate No. 21, and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 19, line 22, strike out "Provided further, That the Commissioners are authorized and empowered to pay the purchase price and the cost of installation of new parking meters or devices from fees collected from such new meters or devices, which fees are hereby appropriated for such purpose: *Provided further.*"

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House recede from its disagreement to the amendment of the Senate No. 22, and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 29. Page 32, line 25, after the word "adjustment", insert "Provided further, That no part of this or any other appropriation contained in this act shall be expended for building, installing, and maintaining streetcar loading platforms and lights of any description employed to distinguish same, except that a permanent type of platform may be constructed from appropriations contained in this act for street improvements when plans and locations thereof are approved by the Public Utilities Commission and the Department of Highways and the street-railway company shall after construction maintain, mark, and light the same at its expense."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House recede from its disagreement to the amendment of the Senate No. 29, and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 31. Page 38, line 6, after "1945", insert "Provided, That leases for rentals shall be on terms and periods not in excess of 5 years."

Mr. RABAUT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RABAUT moves that the House recede from its disagreement to the amendment of the Senate No. 31, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "Provided, That hereafter leases for rentals shall not be on terms and periods in excess of 5 years."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the special subcommittee of the Committee on Government Operations may have permission to sit tomorrow during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. PHILBIN'S remarks will appear hereafter in the Appendix.]

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 147]

Andersen,	Hosmer	Poage
H. Carl.	Jackson	Powell
Bass, Tenn.	Jenkins	Preston
Boggs	Jones, Mo.	Radwan
Bonner	Kearney	Sadlak
Burdick	Keating	St. George
Carnahan	Krueger	Scherer
Christopher	Landrum	Scrivner
Clark	Lesinski	Shuford
Dies	Loser	Sieminski
Diggs	McCarthy	Smith, Kans.
Eberharter	McIntire	Talle
Feighan	McMillan	Taylor
Friedel	Machrowicz	Tollefson
Gordon	Magnuson	Trimble
Gregory	Marshall	Tuck
Hays, Ark.	Michel	Willis
Hoffman	Morris	
Horan	Moulder	

The SPEAKER. On this rollcall 381 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1959

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12738) making appropriations for the Department of Defense for the fiscal year ending June 30, 1959, and for other purposes

with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MAHON, SHEPPARD, SIKES, NORRELL, WHITTEN, CANNON, WIGLESWORTH, SCRIVNER, FORD, and TABER.

SOCIAL SECURITY AMENDMENTS OF 1958

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 653 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13549) to increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the trust funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, House Resolution 653 makes in order the consideration of H. R. 13549, the Social Security Amendments of 1958. The resolution provides for a closed rule, 4 hours of general debate, and waives points of order against the bill.

The bill will increase benefits to approximately 12 million people now on the benefit rolls, and all future beneficiaries, about 7 percent, with a minimum increase of \$3 in the benefits payable to retired workers who came on the rolls at or after 65 years of age. For retired workers now on the rolls monthly payments would range from \$33 to \$118 as compared with \$30 to \$108.50 under present law. The bill would also raise the present \$200 limitation on family benefits to \$254 in the amount of monthly benefits payable to a family on the basis of an insured worker's earnings record.

The law would also be changed to provide that a person will not lose a benefit under the retirement test for any month in which he has earned wages of \$100 or less, rather than \$80 or less as under present law.

The work requirements that a disabled worker must meet would be changed to make it easier for a disabled worker whose disability has a gradual onset to qualify. Changes are also made in the coverage provisions of the program, as well as easing some of the requirements to qualify for dependents benefits.

The tax rates now scheduled in the law would be increased by one-quarter of 1 percent for employees and employers and three-eighths of 1 percent for the self-employed. The total annual earnings on which contributions would be paid, and on which benefits would be computed, would be raised from \$4,200 to \$4,800, effective January 1, 1959. The scheduled increases in the rates would take place every 3 years instead of every 5 years.

The bill provides a new formula for Federal participation in public assistance providing additional funds to all States and maximum flexibility in meeting medical-care needs and other special needs. Also, the Federal share would be determined in part by the relative fiscal ability of the State as measured by average State per capita income.

Authorizations are increased for maternal and child health programs from \$16,500,000 to \$21,500,000; for crippled children's services from \$15 million to \$20 million, and child welfare services from \$12 million to \$17 million.

The chairman of the Committee on Ways and Means, Mr. MILLS, while testifying before the Committee on Rules, pointed out that this bill will bring about a substantial improvement in the financial basis of the program, the actuarial deficit will be reduced, and the program will be more adequately financed.

I urge the adoption of House Resolution 653.

Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

(Mr. SCOTT of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. SCOTT of Pennsylvania. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this bill came out of the Committee on Ways and Means by a vote of 24 to 1. It represents the usual, careful, earnest and bipartisan consideration given by the Committee on Ways and Means to an extremely complex matter. This bill commits this Government and the employees and employers and the self-employed of this Nation to disbursements for the welfare of the people of this country of billions of dollars. The bill will be explained in detail during the 4 hours of debate. Therefore, I would like to refer only to 2 or 3 points. First, the committee states it has not been able to recommend benefits at as high a level in its opinion as would be justified if one considered solely the level for this protection. The increase of approximately 7 percent provided by the bill is actually

somewhat short of the rise in the cost of living that has taken place since 1954. The committee states it believes it is essential that a significant part of the initial contributions to the system they are recommending be used to strengthen the financing of the system rather than to improve benefit protection.

The principal features of the bill will be found beginning on page 8 of the committee report. The dollar ceiling on the total of benefits payable to a family would be raised from \$200 to \$254, which is equivalent to twice the maximum retirement benefit payable. And the total annual earnings on which benefits could be computed and on which contributions would be paid would be raised from \$4,200 to \$4,800 effective January 1, 1959.

Further, benefits would be provided for the dependents of disabled workers as is now provided for dependents of retired workers.

The provision that now requires payments under certain other disability benefit systems to be offset against social-security disability benefits would be repealed, so that a person eligible for a social-security disability benefit and also for disability benefit under another system would receive the full amount of his social-security benefit.

An important change in the law, as you will see on page 9 of the committee report, provides that a person will not lose a benefit under the retirement test for any month in which he has earned wages of \$100 or less, rather than \$80 or less under the present law.

A table of tax rate increases is to be found on page 10.

As I said, in view of the adequate time allowed for debate, I will not undertake to explain that which can be better explained by the very well-informed members of the Ways and Means Committee.

I now yield to my colleague from Connecticut.

Mr. SEELY-BROWN. Mr. Speaker, I support the rule, and I expect to support the legislation.

Mr. Speaker, I take this opportunity to commend the committee for including a provision in the pending bill which will extend coverage for employees of certain nonprofit organizations which under present law cannot secure the necessary concurrence of two-thirds of their employees because some of their employees are covered by a public retirement system and do not desire social-security coverage.

School officials in my district have been extremely upset over the fact that the nonteaching members on their rolls are denied coverage in the State Teachers Retirement Association and also are not permitted to participate in social security. This amendment to the law will, in my opinion, correct an inequity and will allow participation in the program of a group not otherwise eligible for coverage under any retirement system.

(Mr. SEELY-BROWN asked and was given permission to revise and extend his remarks.)

Mr. SCOTT of Pennsylvania. Mr. Speaker, I support the rule and the legislation. I have no further requests for

time, and I therefore yield back the balance of my time.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the gentleman from Massachusetts [Mr. O'NEILL] and the gentleman from Pennsylvania [Mr. SCOTT] have explained the general provisions of the bill.

I want to congratulate the members of the Ways and Means Committee for acting favorably on this bill which will not only extend needed increases in social security payments to millions of beneficiaries but the legislation will also strengthen the social security system. Approximately 12 million are now receiving social security benefits. 75 million additional people who are now covered will some day be drawing social security benefits. Under the system this bill gives approximately 7 percent across-the-board increase to all social security beneficiaries and in some cases which come under the lower wage bracket, the increase will be as high as 10 percent. If this bill is passed by the House and enacted into law, it will be the first increase in social security benefits since 1954.

In addition to the increases, the Ways and Means Committee is to be commended for recommending improvements in the public welfare, maternal, and child welfare programs. Also the strengthening of the financial basis of the old-age, survivors, and disability insurance programs to make certain that they are sound. Also old-age, survivors, and disability insurance benefits amounts will be increased.

The maximum limitation on the annual amount of earnings that can be credited toward benefits and taxed for old-age, survivors, and disability insurance provisions will be increased. The disability insurance provisions of the program will be improved by making provisions of benefits for dependents of disabled workers.

Under the provisions of this bill, the dollar ceiling on the total of benefits payable to a family would be raised from approximately \$200 to \$250 which is equivalent to twice the maximum retirement benefit payable. This bill also provides that the total annual earnings on which benefits could be computed would be raised from \$4,200 to \$4,800 effective, January 1, 1959. Benefits would also be provided for the dependents of disabled workers like those now provided for retired workers.

The provision in the present law requiring that payments under certain other disability benefits systems be offset against social-security disability benefits would be repealed so that a person eligible for social-security benefits and also disability benefits under another system would receive the full amount of his social-security benefits.

Benefits would also be provided for the dependent parent of a deceased worker even though there is a widow or child of the worker who is or may become eligible for benefits. Under the present law a parent can qualify only if there is no such widow or child.

This bill also makes additional changes in liberalizing payment to other members of a family under certain disability conditions. A number of changes are also set out in this bill concerning the technical provisions pertaining to better management of the social-security program. The bill also extends the period for filing disability freeze applications that are made fully retroactive.

This legislation in general will be a great help to millions of families and dependents who are at present having financial difficulty by reason of the long and rapid rise in the cost of living and the general unemployment throughout the country. I firmly believe it will be a constructive step in contributing to the economic welfare of the Nation during this period of recession and unemployment. The Ways and Means Committee heard numerous witnesses and actuary experts before deliberating on the drawing up of this 109-page bill. It is constructive legislation and will greatly contribute to the economic welfare of all sections of our country.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 13549, with Mr. ELLIOTT in the chair:

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. MILLS] will be recognized for 2 hours and the gentleman from New York [Mr. REED] for 2 hours.

The gentleman from Arkansas is recognized.

Mr. MILLS. Mr. Chairman, I yield myself 25 minutes.

The pending bill, H. R. 13549, the Social Security Amendments of 1958, is the result of careful and concerned study by your committee. The Committee on Ways and Means took no decision lightly in formulating this bill to improve our social-security system. Rather, we were ever conscious that the committee was treating with questions of great importance to virtually every family in the Nation. In the process of developing this bill the committee proceeded in its usual nonpolitical and bipartisan manner as evidenced in this

instance by the fact that the bill which the committee developed is not just the chairman's bill but a committee bill as demonstrated by the fact that the distinguished ranking minority member of the committee, the gentleman from New York [Mr. REED], joined in the introduction of the bill.

At this point, Mr. Chairman, I want to say a few words about the history of and the magnitude of the social-security program. As Members of the House know, this program as enacted in 1935 was limited in many ways. Its coverage was limited to employment in industry and commerce. It provided very small benefits for those who qualified in the early years and provided more sizable benefits only after many years of contributions. It included no benefits for the dependents of the retired beneficiary, no monthly benefits for survivors and no benefits for those becoming disabled. As the soundness of the basic idea of contributory social insurance was demonstrated in the operation of the program and as experience brought out its administrative feasibility and the stability of its financing arrangements, the Congress, after full and careful consideration, has gradually extended its scope. Coverage has been broadened to practically every type of employment and self-employment. The eligibility provisions have been liberalized for those already near or past age 65 when the program was enacted. Benefits have been periodically adjusted to changes in the economy, and they have been made effective as a means of providing security promptly to those whom the system is designed to protect. New types of protection and classes of benefits have been added. All of this has been done with scrupulous care for the maintenance of financial and actuarial soundness. As the program now stands, regular monthly benefits are being paid to 12 million Americans in every town and community of every State. The total monthly benefits paid in the fiscal year just closed amounted to \$8 billion. More than 9 out of every 10 of the Nation's mothers and children can look forward to regular income from the program in the event of death of the family earner. The millions of Americans who are now largely or wholly dependent upon their regular monthly old-age and survivors insurance checks for their living include retired people, disabled people, widows, and orphaned children. This is a tremendous program that we are talking about today and it has grown rapidly in size and in effectiveness, because the need was there and because past Congresses have wisely recognized that need and were willing to do something about it.

Very obviously, Mr. Chairman, a program of this magnitude and of this impact on the welfare of the American people demands our best thought and effort. It must be appraised carefully to assure that it is adequate to the times. Because it is a wage-related benefit system—that is, its benefits vary according to the previous earnings of the insured person—rising levels of wages and prices require examination of the benefit struc-

ture and financing at frequent intervals to see whether they are realistic and sound. Moreover, our committee knows, and has been guided by the knowledge in all its deliberations, that it has a serious responsibility to assure the continued financial soundness of the system so that the protection of the American people for whom the system was designed will be what we intended.

The pending bill takes careful account of these considerations. It would improve the protection of the program, make its benefits more equitable, facilitate its administration, and—we think, most importantly—insure that the system is financially sound.

We conducted some 2 weeks of hearings, Mr. Chairman, during which time we heard many Members of Congress, the Secretary of HEW, many representatives of organizations and groups interested in the program of social security, as well as many individual witnesses.

Following the conclusion of the hearings we spent several days in executive sessions not only considering the recommendations made in the hearings but also obtaining additional information that we had not obtained during the course of the hearings.

In the beginning I made it quite clear in announcing the hearings that it might be that the committee would not have sufficient time and opportunity to report to the House a full and complete program of social-security amendments. I did that because I wanted to be eminently fair to the public that was interested in improvements being made this year. I stated in the notice of the hearings that those subject matters that might be heard but which could not be acted upon this year could be considered at a future date and that the hearings would serve as the basis for further study and consideration of those points. But in the course of the executive sessions, Mr. Chairman, following the recommendations in the hearings from the Secretary of HEW that we not act this year, that we delay our action until we could get a full report from the advisory committee on financing the program—take action some time next year—we were given such information that we thought we should not longer delay reporting to the House a program that would further strengthen the social-security system.

Let me digress a moment here, Mr. Chairman, to explain that under legislation enacted by the Congress in 1956 an Advisory Council on Social Security Financing was set up and is now studying and preparing recommendations on the financing of the old-age and survivors insurance and the disability insurance program. The council's report is not due until the end of this year. The Committee on Ways and Means looks forward to receiving this report and expects that the report will be helpful in its evaluation of cost-estimating methods, procedures, and policies connected with the investment of the assets of the old-age, survivors and disability insurance trust funds, and the principles underlying the financing of the program. In our committee's opinion, however, the degree to which the

old-age and survivors insurance trust fund is out of balance over the long range and the excess of outgo over income during the next 7 years are matters that demand immediate action. We believe that the financial soundness of the social-security program is too vitally important to the American people for us to delay until another year the action that is clearly needed to reduce the present actuarial insufficiency.

Mr. Chairman, we were concerned in the committee with information that came to us to the effect that if we did not collect any more money for the system and did not permit anyone in addition to those presently drawing benefits to be added to the rolls, and only paid benefits to those presently drawing in accordance with the provisions of existing law, that the fund, even though it is now \$22 billion, would lack \$65 billion of meeting these present obligations to those now drawing benefits.

In addition, Mr. Chairman, we were told that under the provisions of existing law, despite a scheduled increase in taxes in 1960 and again in 1965, for a period of the next 7 years, including this present calendar year, we would pay out of the social security trust fund more in each year than we would take into the fund—to the total of some \$4 billion more paid out than taken in in these 7 years. Up to 1958, Mr. Chairman, as all Members know, we have succeeded in taking into the social security trust fund more each year than we have paid out. We were also reminded, Mr. Chairman, of the fact that over the course of several years prior to 1950 we had not permitted the tax-rate increases that had originally been levied for this purpose to go into effect and to rise in accordance with the original legislation. We were told that had we permitted those original tax increases to go into effect the combined total payroll tax for this purpose today would be 6 percent tax instead of the present rate of 4½ percent, and that we would not be in the position we are in under existing law of paying out of the fund more than we take in for an immediate period of 7 years.

There is a difference of opinion, Mr. Chairman, as to the size that we should permit this fund to attain, but we thought that during periods of prosperity it is incumbent upon those who at some future time will be eligible for benefits to pay for a greater proportion of their benefits and to see to it that this fund is not decreased and the burden be placed on workers in future generations. It will be decreased by the very nature of things in periods of extreme depression or downturns in economic activity. It is for that reason that we accumulate reserves in times of high-level economic activity to take care of the situation in periods of recession or depression.

The committee felt, in view of this, that for several reasons the estimates given to us by the actuaries in 1954 and in 1956 that the fund was close to being in balance no longer held and that today the fund is .57 percent out of balance, that whenever we reach a level in perpetuity of actuarial imbalance of that

magnitude it behooves us to bring it nearer into balance.

When we first enacted this program, Mr. Chairman, it was anticipated it would be completely in balance and there would be some on the plus side; but in view of all I have discussed, the failure on the part of the Congress earlier to permit the tax rates to rise in accordance with the original intention, irrespective of the fact that from time to time we have increased the benefits, we find ourselves now in the position where if we do not take action we can look forward to the time when we will not take into the fund the amounts of money that will be required to pay the benefits that are presently contemplated under existing law. Under these circumstances, unless something is done, there will be no other recourse than to dip into the general funds of the Treasury for those amounts.

Think of what that may mean. There are only 12 million today who are drawing benefits, but there are 75 million additional people who are now covered by social security who at some time or other in the future will be eligible for these benefits.

So, I think in periods such as we now experience economically, it behooves us to get this program back on a sounder basis than it is. We have been told by the actuaries that we can tell you that the bill that we present to you can be described as actuarially sound today if this program is enacted, even though there will still be a discrepancy on the minus side of around one-quarter of 1 percent of payroll. Now, that is back to the level that we thought we had it when we enacted the increases in 1954 in benefits and when we adopted the three changes with respect to social security not involving benefit increases in 1956. The amendments added by the other body then raised the figure somewhat. Now, we are improving the program, therefore, from the point of view of financial soundness, and that is the primary reason, Mr. Chairman, that we have this bill before the House today.

We recognized on the benefit side, as indicated by the distinguished gentleman from Pennsylvania [Mr. Scott] that there had been a cost-of-living increase since 1954 of around 8 percent and that there had been an increase in wages of 12 percent. The Congress has meticulously seen to it that with respect to those over whom we have anything to do, many others have been protected by action of the Congress this year against a decrease in their standard of living because of these rises in cost of living. Now, we could not justify, Mr. Chairman, on the basis of our consideration of social security, going any higher than the 7-percent increase contained in the bill at this time, even though that amount does not fully compensate for the increase in the cost of living of 8 percent, because to have gone to 8 percent or to have gone to 10 percent at this time would not have allowed us some of the additional income to the fund provided in the bill to be dedicated to the purpose of bringing it nearer into actuarial balance. As I said, that was

the primary thing that the committee was concerned about.

So, we have devoted a large part of these tax increases that will face the American people under the system now and in the future on a stepped-up basis from that in existing law to the establishment of the actuarial soundness, and we were able to provide only a 7 percent increase across the board in the benefits of those now receiving them and those who will receive them in the future.

WAGE BASE

Mr. Chairman, on the wage side we looked to the situation of what percentage of wages are presently being covered by the \$4,200 wage base. The bill before you increases the amount of earnings that can be credited toward benefits and the amount that is taxed for social security purposes from \$4,200 a year to \$4,800, so as to take into account the increases in wage levels that have taken place since 1954. Unless such adjustments are made from time to time as wage levels go up, the social security program ceases to provide meaningful benefits and effective protection for workers above the lower wage brackets. The maximum earnings taxed and credited under the program was increased by the Congress in both 1950 and 1954. In each case, however, the increase was not fully proportionate, based on the original wage base of \$3,000, to the increase that had taken place in wages. If the degree of protection were to be comparable to that provided when the program began, the maximum earnings base would now have to be raised to a considerably higher amount than that called for in the bill. However, we felt that it is essential to insure that the system is on an actuarially sound basis and that the present generation should pay more adequately for the benefits it will receive rather than to shift the burden to future generations.

If there had been a \$4,800 wage base in 1957, about 56 percent of the men who are regularly employed under the program would have had their earnings covered. This is about the same percentage as did have all their earnings covered in 1954 under the \$4,200 base that was adopted in that year. In 1950, when we increased the base from \$3,000 to \$3,600, about 64 percent of the men who were regularly employed in covered work had all their earnings covered under the \$3,600 base. The change from \$4,200 to \$4,800 will mean that the true earnings and standards of living of more of our regular workers will be reflected in the taxes they are paying and in the credit they are getting toward benefits. It will also help to assure that the system will continue to provide benefits bearing a reasonable relationship to the individual's earnings. Without it, the benefits would tend more and more to be at a flat rate since the upward trend in average earnings—which has continued for over a century and a half—would soon mean that most workers' benefit rights would be based on the same earnings figure of \$4,200. We believe that the increase in wage base is needed and that it will constitute a very significant

improvement in the protection of the system.

Now, Mr. Chairman, in the process of raising the wage base we must remember that benefits under this program, as distinguished from coverage generally, are geared to the average earnings generally speaking, during the period from the time of first coverage of each individual under the program until his retirement, disability, or death. So, if you raise the wage base to \$4,800, you establish a new level of maximum individual benefits.

At this point I will discuss the provisions of the bill which will increase benefits.

BENEFIT INCREASES

We all know that prices have gone up over the last 4 years, and we know that as this has happened the purchasing power of the 12 million social security beneficiaries has been cut. For the great majority of the beneficiaries this has meant that the protection which we intended to provide has fallen short of our goals and that many have had to request public assistance to take care of their needs. The Members of this House know that even in 1954—when benefits were increased to their present scale—they were geared to providing a floor of protection only. It is necessary that we raise benefit amounts now so that beneficiaries will not be exposed to hardship and to maintain this floor of protection.

Our committee found that the benefit side needs to be strengthened. As I have said, since the last benefit increase was put into effect in 1954, wages have increased by about 12 percent and prices by about 8 percent. Our committee weighed these facts and the present deficiency in the system and decided that we should recommend an increase of about 7 percent, with a minimum increase of \$3 for the worker who retired at age 65 or later. We believe that this benefit increase will be a real help to beneficiaries in meeting their needs. At the same time we felt it essential that we apply some of the increased income under the bill to the present deficiency in the System so as to strengthen its financial base. Mr. Chairman, without the 7-percent increase the maximum under the bill would be \$118.50. That \$118.50 raised by the same 7 percent that applies to all other benefits brings it to a total maximum primary benefit of \$127. But I should point out that the man in the future will not draw the \$127 primary benefit except where all of his taxes have been paid on \$4,800. This means that in the future, if we raise the wage base today that the benefits of those in those upper levels of income will rise, but so long as they have some period of time during which they paid a tax on less than \$4,800 they cannot attain the full maximum of \$127.

Those who come on after the enactment of this program at \$4,800 and remain there throughout their working years at that level would, of course, draw the \$127.

FAMILY MAXIMUM

We have restored the theory we had earlier in the program with respect to survivorship benefits so that we are paying the family, the widow and the chil-

dren of the man who is deceased, who is covered by the program, twice the primary benefits as a family maximum. So the ceiling on family benefits in the bill is raised from \$200 to \$254, twice \$127. That makes it possible for the widow to draw three-fourths of the primary benefit; the first child three-fourth of the primary benefit and the next child and additional ones one-half of the primary benefit up to the maximum.

Certainly those are the types of situations that bear most heavily upon our heart. Those are the situations that we want to give primary attention to in the program of improving social security as well as with respect to the primary benefit.

DISABILITY PROVISIONS

The fourth major area of improvement has to do with the disability protection provided under the program. In 1955, when your committee recommended the payment of cash benefits to disabled workers it purposely offered a conservative bill. These provisions were enacted in 1956. In the past 12 months disability insurance benefits have come to play an important part in the lives of many Americans. We believe that the disability program is established on a firm and sound basis and that some improvements can now be made.

A major improvement provided by the bill is benefits for the dependents of disabled workers. The social-security program since 1940 has provided for the wives and children of retired workers and for the widows, children, and parents of deceased workers. There is frequently greater need for dependents' benefits in the case of the disabled than in the case of persons retired or deceased. In addition to the fact that disabled workers are prevented from earning income which able-bodied workers can earn until they choose to retire, their household is generally burdened by heavy medical expenses, and the wife can seldom seek employment because she is needed at home to care for her husband and children. This is a serious gap in the protection provided by the program, and your committee is recommending that it be closed by paying benefits to the dependents of disabled workers who are eligible for disability benefits. These benefits would be paid under the same general rules as are now provided in the case of dependents of a retired person. For example, when a person entitled to disability insurance benefits has a wife and 1 or more children under 18 or disabled children in the household, they would get benefits as if the worker had reached retirement age instead of becoming disabled. The cost of the proposed change is five one-hundredths of 1 percent of payroll. This cost would fall upon the disability insurance trust fund, which, unlike the old-age and survivors insurance trust fund, presently has a sizable actuarial surplus. Even with the addition of this cost and the other small costs involved in the bill, the fund would still have both a long-range and a short-range excess of income over outgo.

Your committee believes that in the light of the successful experience since 1955 in the administration of the dis-

ability freeze and disability benefits provisions of the social security program, the payment of benefits to dependents of disability beneficiaries would be not only a constructive but an entirely prudent step for the Congress to take at this time.

We are also recommending elimination of the provision under which an individual's disability insurance benefits are offset by the amount of disability payments he receives from certain other Federal programs and State workmen's compensation laws. Last year the Congress eliminated the offset for veterans receiving payments from the Veterans' Administration for service-connected disabilities. The group still affected by the offset numbers fewer than 20 percent of the disability insurance beneficiaries. The great majority of these suffer reduction or outright cancellation of their benefits because they are receiving veterans' pensions. These pensions, besides being limited in amount, are paid only to veterans who have restricted income otherwise. The committee deems it unnecessary and undesirable to deprive a severely disabled veteran of disability benefits he has earned under social security because he is eligible for a modest pension based on his service in the Armed Forces. Only a very small percentage of the total number of persons eligible for disability insurance benefits fall under other systems to which the offset applies. We recommend that the offset provision be repealed.

H. R. 13549 contains another significant improvement in the disability provisions. Under existing law, disabled workers are penalized for not filing timely applications for benefits. Applicants for all other types of social-security benefits may file their claims as much as a year after they become eligible without loss of monthly benefits; yet the disabled person must file no later than the month of first eligibility or suffer loss of benefits. A few years' delay in making application after he becomes too ill to work may result in total loss of eligibility for him and his family for all benefits under the program—old-age and survivors benefits as well as those for disability. There is no reason for greater strictness in requiring immediate action by the severely impaired individual than by the generally able-bodied applicants for other benefits. At present, due to the newness of the program, a great many disabled persons do not learn until long after they have become disabled that disability benefits and the disability "freeze" are available under our social-security program. Your committee recommends, therefore, that disability benefits, like the long-established old-age and survivors insurance benefits, be payable retroactively for as many as 12 months before application is filed, if the applicant is qualified otherwise. We also recommend that applications for the disability "freeze" made at any time in the next 3 years be fully retroactive to the time the disability began. There is no valid reason for failing to provide this consideration to men and women suffer-

ing from mental or physical impairments.

Still another improvement recommended concerns workers whose disabilities are of a progressive nature. At present, many disabled workers who have suffered from progressive diseases are unable to qualify for either disability benefits or the disability "freeze." Because the disabled workers have been forced by illness to withdraw from employment before the disability could be considered severe enough to meet the law's definition, they are unable to meet the present requirement that a person have at least a year and a half of covered employment in the 3-year period just before he becomes disabled. This requirement was adopted to help assure that the benefits would go only to persons who had recently been in the labor market and who, were it not for disablement, could be expected to have remained at work. We were convinced, from examination of the question, that the requirement—which would still remain—that the disabled individual have worked at least 5 years out of the 10 years before becoming disabled will adequately protect the program. Elimination of the present additional requirement of 1½ years of work out of the 3 years just before disablement will enable a number of workers whose impairments have progressed to a point of great severity, but who have had to be denied eligibility, to qualify. In the committee's bill the work requirements for the disability freeze and for disability benefits would be made identical. To qualify for either, the worker would be required to be fully insured and have at least 5 years of covered work in the last 10 years before his disability began.

RETIREMENT TEST

One of the provisions of the old-age and survivors insurance system which has been widely discussed, and often misunderstood, is the retirement test. This is the provision which, in general, requires the withholding of benefit checks when a beneficiary under age 72 has substantial earnings. It has sometimes been urged that there should be no such limitation. The Committee on Ways and Means is strongly of the opinion that the test of retirement is a necessary and desirable part of the program. To pay benefits without any restriction to people who keep on working after retirement age and have substantial earnings from work would not comport with the basic purpose of the program as a system of insurance against loss of earnings due to the retirement of workers, and would be very costly. For these reasons, the law has always contained a test of retirement to distinguish between people who are able to have substantial earnings after reaching retirement age and those who cannot.

Your committee believes that it is very important to preserve the basic principle that old-age and survivors insurance benefits are paid to replace earnings lost through retirement or death. If the retirement test were eliminated or substantially liberalized further increases in social security taxes would be necessary. The increased taxes would

not go to help the great majority of the aged who usually cannot work or cannot find work. The added cost would therefore provide benefits largely for people who already have substantial income from work. We believe it would be inadvisable to further increase the social security taxes for this purpose.

We believe that certain improvements can be made in the retirement test provisions in the law. The bill includes several minor improvements that we believe should be enacted to increase the equity of the test and to improve public understanding and administration. In addition, we have asked the Department of Health, Education, and Welfare to devote further study to special problems of the retirement test area and to make recommendations to the committee next year.

MISCELLANEOUS AMENDMENTS

Your committee has also included in the bill a number of provisions for changes which, though less important than those I have described, would add significantly to the effectiveness and equity of the program. Your committee found, for example, that there are ways in which the family protection of the program, especially the protection for children, can be improved at a very small cost. Since these provisions are described in detail in the committee report I will not take the time of the committee to describe them in detail here.

PUBLIC ASSISTANCE

We are also recommending amendments in the public assistance programs for the aged, the blind, the disabled, and the dependent children. I should like to mention briefly the principal provisions of the bill relating to these programs.

Title V of the bill makes a number of fundamental changes in the provisions for public assistance. These programs—old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled—are joint Federal-State activities with the States carrying detailed responsibility for operation and the Federal Government participating financially.

Originally, the Federal Government paid one-half of the cost up to a maximum payment of \$30 that could be made to any individual. We have progressively raised both the share which the Federal Government pays and the individual maximum, through amendments beginning in 1946, 1948, 1952, and 1956, with the result that the Federal cost has risen from about 45 percent to 57 percent of the total. The bill before you now proposes to increase Federal funds further at this time. However, and this is quite important, the route by which it would do this is quite different from the kind of increases that we have made in the past and which, if continued indefinitely, could jeopardize the joint Federal-State character of the programs.

The cost of the new formulas provided in the bill will be \$288 million assuming that the States continue to spend the same amount they are spending at the present time.

Every State would receive additional funds under the new formula. Many of

the higher income States are at this time making payments which go well beyond the individual maximums which are now \$60. These same States are also making many smaller payments where recipients have other income. The bill provides for an average maximum under which there would be substantial gains for States in this situation.

Suppose a State at the present time pays to a needy recipient, without other resources, \$90. The Federal Government participates only in the first \$60 and the State receives today, \$39. For another recipient, with other income, the payment is \$30 of which the Federal Government pays \$24. Under the bill these two payments could be averaged at \$60 each and the Federal Government would participate in the whole total. The Federal share would be at least \$39 each and might run in certain States as high as \$45 each. Under the present program any payments for medical care made directly to doctors or hospitals would be matched separately up to an average of \$6 per recipient. Under the bill these payments, along with the money payments, could be averaged up to a maximum of \$66 for both.

In 1956 we made provision for the separate matching of payments for the cost of medical care for public assistance recipients. While the 1956 provisions have been beneficial in spreading medical care in additional States which were doing little or nothing, they have created administrative problems in some of the States that are doing most. We passed a bill last year to help remedy these problems but in the judgment of many of us it did not do nearly enough. These problems are fully taken care of under the present bill which makes no distinction between money payments and vendor payments, and which permits each State to choose for itself how it will spend the amounts provided for assistance recipients. The advantages of the averaging and medical care provisions should substantially promote the meeting of individual need and the flexibility and simplicity of administration in the States that make substantial payments and spend substantial amounts for medical care.

Although some of the lowest income States in the country will not benefit from the particular provisions I have just discussed, they do stand to benefit in other ways materially from the pending bill. The fiscal capacities of low-income States are limited, the number of needy people is large and even with very substantial effort in relation to their resources payments have remained low. Medical-care costs are not sufficiently large to create the problems I have been discussing. The bill would for the first time relate a part of the Federal payment to the fiscal capacities of the States as measured by per capita income. This would not operate to the detriment of the higher income States all of which would receive matching on a no less generous basis than they do today but would provide increased funds for the low-income States in many of which payments are pitifully small.

Under the present formula the Federal Government pays four-fifths of the

first \$30 of the aged, blind, and disabled. This would not be changed. The aid to dependent children program in which the Federal Government pays \$14 out of the first \$17 would be changed to \$15 out of the first \$18. Above these points the Federal Government now matches dollar for dollar. Under the bill no State would receive less than a Federal dollar for each State dollar within the new limits but the lowest income States might receive up to \$7 for each \$3 of State money. The increases under these provisions should put the additional funds where they are most needed and should serve the national interest by reducing differences in the size of payments to needy people among States and to help to assure that no needy person will go without the bare necessities of life.

MATERNAL AND CHILD WELFARE

Title VI of the bill includes a number of meritorious improvements in the maternal and child welfare programs. It increases the maximum for maternal and child health activities from the present \$16.5 million to \$21.5 million. It increases the maximum for crippled children services from \$15 million to \$20 million, and the maximum for child welfare services from \$12 million to \$17 million. The first two of these maximums were established in 1950 when the child population was substantially smaller. The maximum for child welfare services was increased slightly in 1956. Many witnesses who came before your committee in public hearings left no doubt as to the need for these increases.

This title of the bill also would make child welfare services available to all children in need of these services wherever they may live. Allotment and matching provisions are included for the child welfare services program which will not work a hardship on any State but which will make the program more nearly comparable with other grant-in-aid programs of services.

Mr. Chairman, in addition to the matters which I have discussed above, the pending bill also includes certain other provisions which should be mentioned. Federal payments to Puerto Rico and the Virgin Islands for public assistance payments which have been limited to \$5,312,500 and \$200,000 respectively are increased to \$8,500,000 and \$300,000. Guam is included for the first time with a \$400,000 maximum authorization.

Special provisions regarding State blind programs in Pennsylvania and Missouri would be extended from June 30, 1959, to June 30, 1961.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. DAVIS of Georgia. Mr. Chairman, the gentleman from Arkansas [Mr. MILLS] will recall that I appeared before the Committee on Ways and Means in behalf of my bill H. R. 4196. That was a bill which would amend title II of the act so as to provide that an individual may qualify for the disability freeze if such individual has 40 quarters of coverage regardless of when such coverage was obtained. As I understand it, that pro-

vision is not included in the bill which is before us today.

Mr. MILLS. That provision is not in the bill.

You remember when we enacted the program in 1956 we said that in order to qualify for the benefit—that is, the freeze was enacted in 1954, and the benefits in 1956—it would be necessary for persons to be engaged in covered employment during 6 quarters of the last 13 quarters just prior to the time of the disability. We have stricken that requirement from the law. We have said that as long as this individual is fully insured and as long as he has 20 quarters of the last 40 quarters, that is, he has worked the last 5 years of a 10-year period before he becomes disabled, we will not only freeze his wage record, we will pay him a benefit at age 50 if he otherwise qualifies. So that is a liberalization.

We could not, however, go to the extent the gentleman proposed in his bill to take care of a very meritorious case which the gentleman and I have discussed, and for which we both feel there should be some adjustment made. We could not do it within the time we were working and safeguard against the inclusion of some other situations that we feel should not be included, and impose upon the fund a tremendous additional cost in the process.

Mr. DAVIS of Georgia. Does the gentleman from Arkansas feel that next year the committee may be able to take this question up again and give some relief in that situation?

Mr. MILLS. In all seriousness, my friend from Georgia will recognize that between now and next year there is an election. I hope my friend and I are back here. If we are, I am certain that he will maintain the same diligent interest in this matter that he has manifested in this Congress, and that our committee will continue its interest in trying to work something out.

Mr. DAVIS of Georgia. I thank the gentleman.

Mr. COAD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. COAD. Under the provisions of this bill, then, someone who in 1956 was included in this program but who upon the attainment of the age of 50 was disabled, having not qualified with a sufficient number of quarters, and who remained unable to go back to work, would have lost not only any right to the disability claim but eventually he never would make good any claim whatever on social security.

Mr. MILLS. He would not meet the 20-40 quarter test possibly and he would not be eligible. The reason we make this change, and I want to be frank with the gentleman, in eliminating 6 out of the last 13 quarters requirement, we take care of the situation that often arises just prior to a man's becoming totally disabled. In many instances becoming disabled is a gradual process. There is a deterioration, physical or mental, that finally leads up to total disability. We found we were excluding such cases in requiring that the individual be under

covered employment for 6 of the last 13 quarters just prior to the total disability. Now we will be able to include people under disability who become progressively worse but who are able to work some but not all of the time just prior to being declared totally disabled. It is a very humane improvement in the program.

Let me say to those who want further improvement that I think it is well for us to continue to proceed as we did initially, with a degree of caution about these total programs, because the primary thing we must keep in mind is the continuance of an ability on the part of this fund to discharge the responsibilities under law to which we commit it. I hope the gentleman agrees with that.

Mr. ROGERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. ROGERS of Texas. As I understand the present law, if there is a disabled child above 18 years of age, the child of an eligible individual, and if the eligible individual dies after having been sick we will say for a year, bedridden and unable to work, that child above 18 years of age, dependent upon that individual but who has not been supported by that individual because he was bedridden and could not work, cannot be brought in under the present law and receive payment under the social security fund. Is that right?

Mr. MILLS. Under existing law, a child disabled prior to 18, drawing a benefit under social security, can continue to draw that benefit after attaining the age of 18 when that child continues to be disabled. We did that in 1956. We are further amending the law in this bill to create a presumption under those circumstances that the child living in the household of the parent, eligible to draw social security benefit, is dependent upon the parent just as is the case of children now under 18.

Mr. ROGERS of Texas. Is that the only change being made in regard to that particular problem?

Mr. MILLS. I yield to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. As I understand, the change that was made was in the elimination of 6 quarters out of the 13 quarters may also affect that situation.

Mr. MILLS. That is true; however, here we are talking about the situation wherein the child is disabled and the father draws, and the child can draw under the social-security-benefit program as a dependent if it is disabled without proof of dependency as now required where the child is over 18. We amended the law in 1956 to permit the child in this situation to continue to draw beyond 18. I described to the gentleman from Texas the situation wherein in the bill we provide for a presumption of dependency for that child so that there is no question but what the child will continue even though the father cannot prove that he makes more than 50 percent contribution to its support.

Mr. ROGERS of Texas. But that is a rebuttable presumption by the Social Security Administration?

Mr. MILLS. No; under the bill it would be a conclusive presumption.

Mr. ROGERS of Texas. I thank the gentleman.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. PERKINS. Mr. Chairman, I wish first to congratulate the gentleman from Arkansas and the members of the Committee on Ways and Means for bringing this important piece of legislation to the floor.

Mr. MILLS. The gentleman from Kentucky is and has always been greatly interested in this matter and he again appeared before the committee and we appreciate the fact that he gave us the benefit of his study and recommendations. I would also like to say that he was one of the first to bring the inequities of the disability offset provision to our attention.

Mr. PERKINS. I would like to ask a question concerning the disability provision. As I view the disability provision, when the provision was first enacted in 1956, it was contemplated at that time that the disability fund would take care of some 400,000 people.

Mr. MILLS. That may have been a figure that was used by some, however, the figures given to us during the course of our consideration was 250,000 as I recall.

Mr. PERKINS. That was the figure used by the social security commissioner at that time in his testimony?

Mr. MILLS. No; as I recall, the figure was much less than that.

Mr. PERKINS. As I recall, that was the figure and the President later in his message used the figure 380,000.

Mr. MILLS. I will depend on the gentleman's recollection as to the figures the President used. I do not recall them.

Mr. PERKINS. My point is that this program has only been taking care of about 200,000 people in a year's operation.

Mr. MILLS. That is because it is a very strict program. I have pointed out that we intended it to be a conservative program and I am convinced that it is wise to keep it on a very conservative basis until we have some years of operation that we can look to as a better test of how it is going to operate and what it is going to cost.

Mr. PERKINS. Here is my point. I notice you recommend certain points of study in the report.

Mr. MILLS. That is right.

Mr. PERKINS. I feel if there is any program which needs to be studied, it is the way the disability provision is being administered at the present time.

Mr. MILLS. I do not want at this time to criticize these people who are administering this program. As the gentleman knows, we gave authority to make the original determination with respect to the question of disability to a State agency.

A State agency must decide that a man is disabled and that he is not capable of engaging in some active, gainful occupation.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 5 additional minutes.

The agency here in Washington may decide that, in spite of the recommendation of the State agency with respect to the man's disability, he is in fact not disabled. But the Federal agency cannot say, and we purposely provided that and did not change it in this instance, when a State agency holds a man not to be disabled that he is disabled.

Mr. PERKINS. But the law is not mandatory.

Mr. MILLS. Disability is a question of fact. That is the question, and we have left it to the proper State agencies to make that determination and I hope it will stay there.

Mr. PERKINS. Has the gentleman looked into the peak of about 350,000 applications that were pending under the disability obligation, and the thousands on thousands that have not been approved?

Mr. MILLS. No; I have not looked into all of them. We have not had the time.

Mr. SCHWENGEL. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SCHWENGEL. First I want to commend the gentleman for the fine way in which he is handling this proposition and explaining it to us today. I want to commend him also for the very fine leadership he has taken in giving thorough study to this matter in the committee. If we adopt this today, this will be the second time benefits have been increased since I have been a Member of the House.

Mr. MILLS. They have not been increased since 1954, as you know.

Mr. SCHWENGEL. I understand that. I want to commend the gentleman also for going into this question of keeping this actuarially sound. You said in your remarks that this is actuarially sound. My question is, first, who are the actuaries who have told you it was a sound program.

Mr. MILLS. The actuary for the Department of Health, Education, and Welfare, Mr. Robert Myers, a man on whom we have relied for that information. He is as skilled an actuary, in my opinion, as there is in the United States. I could tell this House it is actuarially sound. Under this bill the system is about one-quarter of 1 percent off.

Mr. SCHWENGEL. We are aware of the pension plans that we have, that are supplementary to this plan; private insurance companies who do business. If we applied the same rule to the social security that we force the companies to adopt, would this then be actuarially a sound program?

Mr. MILLS. The gentleman realizes that this is a social-insurance program, of course. To make it fully and completely sound we have to provide for a combined tax rate of about 9 percent. Under existing law we have an 8½-percent rate of tax combined, in 1975. Under this program you will get to a 9-percent rate in 1969.

Mr. SCHWENGEL. That is exactly the point I want to learn about. I would

be glad to have that information as part of the RECORD.

Mr. ANFUSO. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. ANFUSO. Mr. Chairman, I wish to congratulate the distinguished chairman of the House Ways and Means Committee for the excellent presentation which he has made and for bringing this legislation out. The gentleman will recall that I testified before the committee.

Mr. MILLS. Yes. We appreciated the gentleman's appearance and the helpful information he gave the committee. He brought to us many important matters.

Mr. ANFUSO. I am disturbed about this particular feature of the bill which I do not think adequately takes care of these men who leave the employment field and become retired. By retiring they make room for others to go into the field, thereby alleviating the unemployment situation. I am disturbed by the fact that they will receive only 7 percent whereas in other instances we have provided 10.

Mr. MILLS. The gentleman's point is that their retirement benefits should be increased more than 7 percent. I am sure every Member of the Committee wishes we could do that, but I am sorry to have to tell the gentleman that to keep this on an actuarially sound basis we could not reach that conclusion.

Mr. ANFUSO. I am satisfied that the gentleman is going to restudy this situation if we are all back here next year.

Mr. MILLS. That is what I would like to do.

(Mr. ANFUSO asked and was given permission to extend his remarks following the completion of Mr. MILLS' statement.)

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Minnesota.

Mr. JUDD. I join in complimenting the gentleman and his committee for bringing this fine overall bill before us. Perhaps the greatest criticism I hear of this whole program is the inability of those who have retired at 65 to earn more than \$1,200 a year and still receive the benefits for which they have paid their money. Many of them feel they are being cheated.

Mr. MILLS. No; they are not being cheated.

Mr. JUDD. I realize that, but many of them do not and it would be helpful to have the gentleman's explanation.

Mr. MILLS. The system was established to take care of the situation wherein they will lose their earning capacity on retirement, or to provide some degree of security when the breadwinner of the family dies. If we should raise the \$1,200 ceiling of disqualification, if we raised that, say, to \$2,400, does the gentleman realize that we would have to increase the 9 percent tax rate to about 10 percent, and that the cost, in dollars, to the system would be, over the long term, in the neighborhood of \$3 billion per year? Does the gentleman realize

what would be the result if just a limited number of people took advantage of such a proposal?

The gentleman must bear in mind that the majority of the people who draw these benefits are not in any way involved in this limitation. Such a proposal, in my opinion, would change this program from a retirement system into a straight annuity system wherein one could be substantially employed in many instances and still receive benefits. To do that adds very materially to the cost of the system without helping the majority of people with respect to their benefits, so much so that our committee has consistently turned it down. I think the committee feels strongly that as these taxes are increased in the future the benefits should be spread around among all people and not just for a limited number who have reached retirement age and who voluntarily continue to work.

Mr. JUDD. I appreciate the gentleman's statement; I wanted to know the reasoning of the committee in not increasing the limitation. Thank you.

Mr. MILLS. I will go into it further in an extension of my remarks.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. JENNINGS. I, too, want to commend the gentleman and his committee for the hard work they have put in on this matter and for bringing this bill before us at this time and also for the very fine manner in which the gentleman has discussed it. I was wondering, however, if the gentleman would comment as to the provisions of H. R. 11754 which would provide for children that are subsequently adopted or in the process of being adopted at the time of a wage earner's death.

Mr. MILLS. Is that the bill the gentleman and I discussed on the floor?

Mr. JENNINGS. It is.

Mr. MILLS. The gentleman will be pleased to know that we have made a change with respect to the provisions of existing law so that a child who was in the process of being adopted at the time of the earner's death will not be denied benefits under the program, provided the child was a member of the worker's household at the time of the worker's death, if the child was not being supported by any other person, and if adoption is subsequently completed by the surviving spouse within 2 years after the worker's death. That will take care of the gentleman's situation, I believe, but it will not go as far as some recommended.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BECKWORTH. Frequently I have had occasion to hear from a man who is not married but who has supported his sister for a long time. He often has asked me whether or not that situation has ever been considered by the social security authorities.

Mr. MILLS. Yes, we have looked into that carefully. I will advise the gentleman in just a moment when I conclude my remarks as to the considerations involved.

Mr. ZABLOCKI. Mr. Chairman, I want to commend the gentleman from Louisiana [Mr. Boggs], the gentleman from Rhode Island [Mr. FORAND], and all the members of the Ways and Means Committee for bringing this very vital legislation for consideration at the present session of Congress. Personally, I am very happy that the committee chairman, although earlier in the session dubious about the possibility of having the legislation ready for floor action during this session, has, together with his hard working committee been able to present this very important legislation at this time.

The committee has carefully prepared and promptly reported the Social Security Amendment of 1958. The measure strengthens the Social Security Act and rectifies many of the shortcomings—specifically in the disability provisions of the law.

I am particularly pleased with the improvements to the Social Security Law because they include some of the proposals contained in the bills I have introduced in the 83d and 84th Congresses.

The gentleman from Arkansas did a superb job of explaining the technical and principal provisions of the bill. I wish to add my congratulations for a job well done. I have one question, Mr. Chairman.

The various departments of health and welfare of the 48 States determine whether a person is eligible for total-disability benefits. Is the gentleman satisfied that there is uniformity among the State departments in adjudicating these matters?

Mr. MILLS. I would question that there is complete uniformity. I think the gentleman is, perhaps, right that there may not be.

Mr. ZABLOCKI. Does that not lend itself to inequity as far as the recipients of total-disability compensation are concerned?

Mr. MILLS. The gentleman means that in one State it may be determined a man is totally disabled and in another State he is not?

Mr. ZABLOCKI. Yes.

Mr. MILLS. That is a possibility, but I think we have to have some more time for the operation of this program before we can reach any conclusion as to how we are going to fundamentally change it.

Mr. ZABLOCKI. The committee is going to continually study that matter?

Mr. MILLS. The committee continues to study all of these matters.

Mr. ZABLOCKI. I thank the gentleman and join him in urging that the committee approve the bill.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. WHITENER. Mr. Chairman, I would like to commend the chairman of the Committee on Ways and Means for his lucid explanation of this bill. May I inquire as to whether there has been any liberalization of the definition of "eligible widow"? I may point out to the gentleman the problem I have in mind is where some woman has in good faith become married to a person who has a prior undissolved marriage and

some 30 years later this is ascertained for the first time. Under the present law, they are deprived of those benefits. Has there been any liberalization here?

Mr. MILLS. We have liberalized the program with respect to some situations relating to widow's benefits. We have not gone, however, as far as the gentleman's situation would carry us. We have, not gone quite that far.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Rhode Island.

Mr. FORAND. The matter about which the gentleman inquires is basically a matter of State law. We have made no change in this situation, which relates to validity of marriages; the fact still remains, does it not, that is a consideration for the State. That is a matter of State law?

Mr. MILLS. That is true.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I appreciate the gentleman's remarks regarding the improbability and the impracticability of raising the \$1,200 outside earnings limitation. I wonder if the committee gave consideration to the possibility of raising the outside earning limitation for a widow with dependent children?

Mr. MILLS. Let me explain that there is a lot of confusion about that type of situation. One member of the Rules Committee said that a widow had told him she could not seek outside employment because if she took outside employment the family would lose the survivorship benefit of \$200 that they were receiving. The truth of the matter is that a widow can accept outside employment and the children can continue to draw benefits up to the maximum of \$200 under existing law or \$254 under this program.

Mr. CEDERBERG. I recognize that the youngsters can receive benefit but the widow, if she works, cannot.

Mr. MILLS. If she is fully employed, and is exceeding the earnings limitation, she would not be eligible.

Mr. CEDERBERG. If the widow is going to take care of her children, she can probably be part-time employed; therefore, if she earns over \$1,200 she loses her rights.

Mr. MILLS. There are those borderline cases that attract themselves to us.

Let me conclude my remarks. On the whole, Mr. Chairman, we in the committee are convinced that we have reported a sound bill, a meritorious bill, a bill that certainly justifies the support of all members of this committee.

Mr. Chairman, I cannot close without calling your attention to the fact that in order to do these things for our people there is the other side, the side of cost, involved, and we have in this bill a very tough program of tax increases for purposes of social security that will go into effect in 1959, on January 1, again in 1960, again in 1963, again in 1966, again in 1969, until we reach a combined total rate on employer and employee of 9 per cent.

This is a 9-percent program, and we thought it advisable to get it to that level as soon as possible so that the people would realize actually what this program costs. Now, compare it with civil service, which is a 20-percent program, compare it with railroad retirement, which is a 15-percent program, and you will realize the difference in the benefits paid under the 3 programs. If we want this to pay as much as civil service, it will be necessary to raise the rate considerably in excess of the 9-percent program. If we want to pay as much as the Railroad Retirement Act, we will have to raise the tax considerably in excess of that which we are proposing. But, we are maintaining a 9-percent rate, getting it into effect as soon as possible in order that it may be fully realized that it is a 9-percent program and any changes made with respect to the program in the future will have to be accommodated by further increases in tax, which will bring the levels in excess of 9 percent at some time in the future.

Mr. Chairman, I should state here that at the proper time I shall offer several clerical, technical, and conforming committee amendments to the pending bill, and I would like to explain these amendments at this point.

First, on Page 10, at the end of line 13, there is a clerical amendment.

Second, on Page 29, line 23, after "enactment", I will ask that the following language be inserted: "if the applicant has not died prior to such date of enactment and."

This amendment relates to the effective date of the amendments made by section 204 of the bill—insured status for purposes of disability freeze and entitlement to disability insurance benefits. The bill applies not only to future applications but also to applications filed after 1957 and before the date of enactment if the applicant has not been notified of the Secretary's decision on or before the date of enactment. The committee amendment limits this retroactive provision to cases where the applicant is living on the date of enactment.

Third, there will be an amendment on page 45, line 1, to strike out "subsection (d)" and insert "section 223 (a) or subsection (d) of this section"; and on page 45, to strike out lines 5 and 6, and insert "section 223 (a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his death or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section."

This is a conforming amendment. The bill provides that mother's insurance benefits shall not terminate by reason of the remarriage of the mother to a person entitled to disability insurance benefits or to child's insurance benefits where the child is over 18 and disabled.

The bill terminates the mother's insurance benefits if the disabled child recovers from his disability but fails to terminate the mother's insurance benefits if the individual entitled to disability insurance benefits recovers from

his disability. The committee amendment corrects this error.

Fourth, on page 54, line 1, after "State," I will ask to insert: "or an instrumentality of two or more States."

This is a conforming amendment. The provisions of section 218 of the Social Security Act, providing for voluntary agreements for coverage of State and local employees, apply—in general—also to instrumentalities of two or more States. The committee amendment conforms section 311 of the bill—relating to sick-leave pay of State and local employees—to section 218 of the Social Security Act by including instrumentalities of two or more States.

Fifth, on page 82, line 11, I will ask to strike out "system" and insert "system and (i) are members of such fund or system, or (ii) are not members of such fund or system but are eligible to become members thereof."

This amendment relates to cases where a nonprofit organization employs individuals—for example, teachers—who are covered by a retirement system established by a State and also employs individuals who are not covered by such a system. Under the bill, employees who are not members but are eligible to be members are placed in the group not covered by the State retirement system. The committee amendment would place these employees in the group under the State retirement system. This is consistent with the provisions of section 218 (d) (6) (D) and (E) of the Social Security Act, as amended by the bill.

Sixth, on page 82, after line 22, I will ask to insert:

"(F) An organization which filed a certificate under this subsection after 1955 but prior to the enactment of this subparagraph may file a request at any time before 1960 to have such certificate effective, with respect to the service of individuals who concurred in the filing of such certificate (initially or through the filing of a supplemental list) prior to enactment of this subparagraph and who concur in the filing of such new request, for the period beginning with the first day of any calendar quarter preceding the first calendar quarter for which it was effective and following the last calendar quarter of 1955. Such request shall be filed with such official and in such form and manner as may be prescribed by regulations made under this chapter. If a request is filed pursuant to this subparagraph—

"(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for any calendar quarter resulting from the filing of such request shall be the last day of the calendar month following the calendar quarter in which the request is filed; and

"(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date.

And on page 82, line 23, strike out "(F)" and insert "(G)."

Under existing law, nonprofit organizations may file certificates certifying that they desire to have the insurance system established by title II of the Social Security Act extended to service performed by their employees. Under section 3121 (k) (1) (B) (ii) of the Internal Revenue Code of 1954, as amended by the bill, a certificate filed after the

enactment of the bill but before 1960 may be retroactive—at the election of the organization—to the first day of any calendar quarter beginning on or after January 1, 1956.

The committee amendment would provide the same treatment for organizations which filed their certificates before the enactment of the bill, but only with respect to employees who agree to the retroactive coverage.

Seventh, on page 102, lines 9 and 10, I will ask to strike out "until July 1, 1959" and insert "for each of the 3 fiscal years in the period ending June 30, 1961."

Under the child-welfare services provisions of the bill, the Secretary of Health, Education, and Welfare is required to promulgate the "Federal share" and the "allotment percentage" for each State during the months of July and August in each even-numbered year for each of the 2 fiscal years beginning after the promulgation.

The bill would require the promulgation for the fiscal year ending June 30, 1960, and the fiscal year ending June 30, 1961, to be made before August 31, 1958. The committee amendment would eliminate the requirement that this promulgation be made before August 31, 1958, but would require the Secretary to make the promulgation as soon as possible after the enactment of the bill.

Eighth, on page 106, after line 23, I will ask to insert:

AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

SEC. 704. Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1957" and inserting in lieu thereof "1958."

The effect of this amendment is to preserve the relationship which has existed between the Railroad Retirement Act and the Social Security Act since 1951. One of the purposes of the amendment is to insure that beneficiaries under the Railroad Retirement Act will in no case receive less than they would have received under the Social Security Act if the worker's railroad service had been employment under the Social Security Act.

A similar provision was included in the Social Security Amendments of 1952, 1954, and 1956.

This amendment will be offered by me at the specific request of the Interstate and Foreign Commerce Committee. As I have stated, it is the usual type of conforming amendment on this subject.

Mr. Chairman, I urge that the Committee approve the bill.

(Mr. MILLS asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members may extend their remarks in the body of the RECORD during the period of general debate on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ANFUSO. Mr. Chairman, I rise in support of the bill, H. R. 13549, to amend the Social Security Act. My

only regret is that the increase in benefits amounting to 7 percent, as recommended in the bill, is far from sufficient to cover the rise in the cost of living over the past few years.

As we all know there has been no substantial change in the social security benefits since 1954, but even at that time the increases given to our older citizens were relatively small compared to the needs of the average retired person. Many of them have no savings and must rely for their subsistence entirely on the monthly payments they receive from social security. These elderly people have been victimized by the sharp rise in prices for food, clothing, rent, medical care and other necessities. They are actually undergoing severe mental and physical anguish to keep their heads above the water at a time when the cost of living has reached an all-time high.

Our Nation cannot afford to let those who are forced by advanced age to retire from the labor force to pay a heavy toll in reduced living standards in their declining years. Higher costs of food have shrunk the dollars which they receive from their monthly social security checks. In the past many of them were able to supplement their meager income with outside earnings, but since the economic crisis set in nearly a year ago these opportunities for outside earnings have greatly diminished for the elderly people.

Several months ago I introduced a bill, H. R. 12568, to reduce the retirement age for both men and women to 62 years and to increase the monthly social security payments about 40 percent, the minimum going up from \$30 to \$50 and the maximum from \$108.50 to \$150. This would provide greater security for our elderly citizens and would encourage many in their sixties and seventies, who are still working, to retire on a reasonable income and yet maintain a dignified standard of living. They would have greater purchasing power and their retirement would open more jobs for younger people. All of this would provide a boon to the economy and would practically wipe out all unemployment in the country.

While the present bill will be a welcome help to the millions of retired people, it will not serve as a solution to their major economic needs and problems. Those over 65 who are eligible to retire will continue to work simply because they cannot afford to retire on this meager income. A 7-percent increase, I am sure, will prove to be a great disappointment to our senior citizens who have given a lifetime of work and service to their country in helping to build its economy. I believe we should recognize that contribution in more concrete and more generous terms.

Only a few short weeks ago Congress had extended a 10-percent increase in the salaries of all Federal employees and postal workers. A 10-percent increase was also granted in annuities of retired Federal employees to help them cope with the higher cost of living. Similar increases were approved to those serving in our military branches. In many

urban areas salary increases are being given to firemen, policemen, teachers, and other municipal employees, as well as retired municipal employees. Why discriminate against those who are dependent on social security? The least we could have done for them is given them a similar 10-percent increase to help them cope with the high cost of living.

I believe that we must take early cognizance of the problems of our aging population, and the sooner it is done the better it will be for them and for the whole Nation. If we continue to ignore this situation, if we do not provide them with a decent standard of living, we shall be committing a grave injustice to the millions of our people who have every right to expect better treatment and greater security at a time when they can no longer be economically productive.

What is needed most of all is an overhaul of the social-security system to bring it into step with the times and needs of the people. In other words, we must approach this problem both from a humane and a realistic point of view. We must make it possible for our older citizens to look forward with greater confidence to security in their declining years. The bill under consideration is a step—though a very small step—in that direction. For this reason I am glad to support it. I would be more happy if the increase were at least 10 percent or larger.

(Mr. REED asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I support and urge the passage of H. R. 13549, the Social Security Amendments of 1958. This meritorious legislation will improve the adequacy of our social-security program and one of its principal points of merit is the fact that it will strengthen the actuarial soundness of the old-age and survivors insurance program.

The legislation would provide many changes in the social-security program affecting benefit levels, eligibility requirements, and administrative features of the system. It represents the combined efforts of the membership of the Committee on Ways and Means working in close cooperation with officials of the Department of Health, Education, and Welfare. I do not represent that everything contained in the legislation has the endorsement of the executive branch nor do I represent that I wholeheartedly approve of every change that the bill purports to make. However, I do say with earnest conviction that the bill is a good product of able and diligent work and merits the support of this distinguished body.

I will not undertake to describe all the changes that are provided in the bill. The committee report accompanying the legislation provides such a description and is available for your consideration. I would, however, like to comment on what I regard as some of the principal features of the Social Security Amendments of 1958.

Benefit levels under the old-age and survivors and disability programs would

be increased by 7 percent with the provision that the minimum increase for a primary insured individual would be \$3. The maximum benefit payable to a family would be raised from its present level of \$200 to a level of \$254. Benefits would be payable to dependents of an insured individual who was eligible for disability benefits. Further changes in the benefit side of the program would be made with respect to dependent parents, lump-sum death benefits, children's benefits, and other significant changes.

These benefit liberalizations are not accomplished without added cost. To defray the added expense of the liberalizations provided in H. R. 13549, as well as to strengthen the financing of the existing program the legislation before us today, would make three significant changes in the social security taxes which virtually every American citizen who has earned income will be required to pay. These three changes in tax features of the program will provide, first, the earnings base on income subject to the social-security tax would be increased to \$4,800 from its present level of \$4,200, effective January 1, 1959; second, the existing 2¼ percent tax rate that is imposed on both employer and employee would be increased to 2½ percent in 1959, and to 3 percent in 1960—for the self-employed the comparable rates would be 3¾ percent and 4½ percent; third, the schedule of 4 additional tax increases projected under present law at 5-year intervals up through 1975 would be accelerated so that the contribution schedule would become fully mature in 1969, which means that the increase will be occurring at intervals of every 3 years instead of intervals of every 5 years.

The legislation also revises the public assistance titles of the Social Security Act and the maternal and child welfare title of that act so as to make additional Federal funds available to the States for the purpose of strengthening these programs. I am sure that I speak for the entire membership of the committee when I express the hope that the States will act to pass these augmented amounts on to the genuinely needy in our Nation.

I would call the attention of the House to the fact that in my judgment my colleagues on the Committee on Ways and Means are deserving of your commendation for the diligent effort they have put forth in developing this legislation. We have given careful attention to the matter in thorough public hearings and in arduous executive sessions. Included in this legislation are proposals that many of the Members of the House who do not serve on the committee have sponsored. I therefore would like to congratulate the chairman of my committee, my distinguished friend, the gentleman from Arkansas [Mr. MILLS], and my other committee colleagues who deserve so much credit for the development of this legislation.

In closing I would like to pay special tribute to one of my Republican colleagues on the committee, the gentleman from New Jersey [Mr. KEAN], who next year will not be serving with us in the House but will, I am confident, be serving with great distinction in the other

body. Mr. KEAN has consistently been a diligent and constructive worker in behalf of an adequate and a sound social security system. To considerations of benefit levels and benefit entitlement Mr. KEAN has brought a compassionate interest in improvements that would make the program more adequately meet the needs of our citizens. On the other hand, realizing that the program could only endure if it was actuarially sound and properly financed, Mr. KEAN has brought to the committee's consideration of social security improvements over the years a profound understanding of the actuarial aspects of the program and he has stood stanchly and without deviation for a program that was in fact in actuarial balance. I am confident that Mr. KEAN will continue to extend his outstanding talents in behalf of an adequate social security system as a Member of the other body.

I urge my colleagues in the House to support the passage of the social security amendments of 1958, H. R. 13549.

Mr. Chairman, one of the worries I have had over the years is this question of inflation. It is making it very difficult to keep this system actuarially sound. Constantly now, with our expenditures and spending, our debt limits, and all these steps we are taking, inflation seems to be in the offing. Nobody knows under world conditions just what we are going to face in that connection. We have a pretty pronounced inflation in this country right at the present time. We are cheapening the purchasing power of the American dollar.

This social-security system will require adjustment very frequently, I fear, but I will say for this bill that it is providing a step to make this system actuarially sound, and that is of vital importance to all of the beneficiaries under the system and it is vitally important to everybody who holds an insurance policy or has an annuity that he relies on for the future.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. REED. I yield.

Mrs. ROGERS of Massachusetts. I commend the gentleman on his very fine work on this committee all through the years, and also commend him and the chairman of the committee on their working so harmoniously together. It is a joy to see Republicans and Democrats working wholeheartedly for a great end. I am delighted that millions of veterans will get the entire benefit of this legislation. One payment supplements the other just as one type of service supplements the other. I am very grateful to the gentleman from New York and the gentleman from Arkansas.

Mr. REED. I thank the gentlewoman from Massachusetts for her remarks.

Mr. Chairman, I yield 20 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, in the first place I want to thank my colleague, the gentleman from New York [Mr. REED] for the kind words he said about my work. It is a pleasure to have worked with him. He has always had the interest of the older people of the United States at heart in his work in the committee.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Arkansas.

Mr. MILLS. May I comment on the deep regret I have over the fact that this will be the gentleman's last time to work with the Committee on Ways and Means in the field of social security. He has rendered very fine service in the committee on all subjects, but particularly has he been effective in his work in the committee on matters of social security, a subject which has been very close to his heart and one he has pursued very diligently.

Mr. KEAN. I thank the gentleman very much.

Over the past few years I have addressed the House many times on social-security legislation. This will be the last time I will have the privilege of doing so. I became keenly interested in social security when, as some of the older members of our committee will remember—in the winter of 1946, my first year on the committee—we had extended hearings on what was called then the issues of social security. I learned at that time of the basic principles behind the program. I determined that they were sound. But at the same time I learned of the many inequities in the program as it was then, of the inadequate benefits, and also of the extreme dangers in a program which has such political dynamite.

The enthusiasm which Members of Congress always have for increasing benefits may be shown by the fact that more bills towards this end have been introduced in this session than there are Members of Congress.

One thing I determined in 1946, that was the essentiality of keeping the system on a sound basis; that when benefits are increased, taxes must likewise be increased to cover the increased benefits. I determined that it would be irresponsible to say to our children and grandchildren: "We make the promises as to what we pay in the future. It is up to your generation to worry about the necessary taxes to pay the benefits."

So while I have supported many increased benefits, all of them have been projected within the framework of a sound system.

Since 1946 I have introduced dozens of bills to improve the system, and I believe I can say, with some pride, that the majority of the suggestions that I made are now law.

When we sat down for our executive sessions on this bill, our able chairman—the gentleman from Arkansas, for whom I have the greatest admiration—made one of the finest statements I have ever heard on the necessity of keeping the system sound. He called attention to the fact that the present OASI system was out of balance by fifty-seven one-hundredths of 1 percent of payroll.

He stated that it was not fair for the present generation to be receiving much more in benefits than they were paying for; that we should speed up the schedule for increased taxes as fast as is practical so that the public as soon as possible would realize that this is a 9 percent system and that if they wished any more

benefits they must pay for them in additional taxes.

He called attention to the fact that under present taxes there would be a deficit every year until 1965 and pointed out that such a situation was unthinkable.

As a result of this fine statement, the committee without objection voted for increased taxes and for speeding up by 6 years the climb to the ultimate maximum tax. There seemed to be unanimity in our committee that the system must be kept in balance. I was ready to gird up my loins and fight for the principles so well enunciated by our chairman.

However, having taken this sound step, the committee which had walked up the hill, then walked down again. We had increased taxes sufficiently to make the system more than sound, but then we voted to increase benefits so that the system is still out of balance.

True, it is now estimated that it will be out of balance by only twenty-five one-hundredths percent of payroll, instead of fifty-seven one-hundredths percent of payroll. Sure that is better. But it will still be out of balance.

Why could we not have had the courage to balance it once and for all, and set the precedent for future Congresses to do likewise. It would then be easy to say to our constituents: "Yes we are going to increase your social security taxes, but we can promise you that the system is sound and will remain so. Now all we can say that it is less unsound than it was before."

Part of the tax rise for many workers will be the result of the increase in the wage base from \$4,200 to \$4,800. To do this seems logical when you consider the general increase in wages and salaries over the past few years.

In New Jersey, the average industrial wage is today above \$4,200. But those who will pay an increased tax owing to this provision must realize that though ultimately they are having this maximum benefit increased from \$108.75 to \$127, nearly half the proceeds of this additional tax will not go to paying them, or their families any increased benefits, but to increasing the benefits of those with lower wages; for though the increase in the wage base will bring in fifty-five one-hundredths percent of payroll they themselves will get only thirty-two one-hundredths percent in additional benefits. Perhaps you might refer to this as the "social" part of the Social Security System.

I am particularly pleased to vote to support an increase in benefits for those already on the rolls. It seems to me there is every justification for such an increase. It is true they are not entitled to any more based on the insurance principles of the system—for most of those receiving low benefits paid in very little in taxes—but when they were working the wage scale was much lower, the value of the dollar was much higher, and the benefits which they are receiving with the present high cost of living are indeed inadequate.

Those retiring in the next few years are, of course, benefiting from the present wage scale; and owing to the fact

that calculations can be started from 1951, and they are entitled to a 5-year dropout, they are right up to date on the highest pay from present wage scales.

If I had been the sole judge of what would have been in the bill, "I would have provided for at least a 10 percent increase for those who retired in past years and are receiving inadequate benefits, and perhaps a slight modification in the increase for those who retire in the future, thus maintaining the actuarial soundness of the system."

If in the future it is found that increases for those retiring then are necessary, future Congresses can make the change.

I am particularly pleased with the increase in the maximum family benefits from \$200 to \$254. Perhaps it is because I have 6 children of my own that I have never understood why a widow with 4 or 5 children was not entitled to more benefits for their support than 1 with only 2. This suggestion was in a bill that I introduce last year, as was a provision for providing benefits for the dependents of those who have retired on disability. Certainly a disabled worker would have more difficulty in supporting his minor children than would one who had retired. I am happy these two provisions are in the bill.

Let us get over to the changes in the assistance program. An additional \$287 million has been provided for the general assistance program. This, of course, will come from all the country's taxpayers. It does seem perhaps that when we, the tax-writing committee provide heavy additional expenditures from the general revenue—we might at the same time say what taxes we are going to increase for this purpose.

However, under a new formula the Federal Government will still pay four-fifths of the first \$30 paid under the general assistance program, but the balance up to \$66 will be paid under a variable formula amounting to 50 percent for the so-called richer States and 70 percent for the poor States.

Now New Jersey pays 4.20 percent of all Federal taxes. Thus, of this additional appropriation, we will pay in taxes 287 times 4.20 percent or approximately \$12 million—while under the new formula we will only get back to help New Jersey's aged and disabled \$1,965,000, or one-sixth of what our taxpayers are contributing. For every man, woman, and child in New Jersey there will be paid by our New Jersey taxpayers \$2—while for every man, woman, and child in New Jersey—our State will get back only about 33 cents.

In the past the picture was bad for our New Jersey taxpayers, but not as bad. In 1957, the last year for which I have the figures, the total payment for assistance throughout the entire Nation was \$1,505 million. Of this, New Jersey taxpayers contributed about \$63 million. We got back for our assistance program in 1957 only \$15 million. This was bad enough—but it was approximately one-fourth of what we paid out, while under the new formula it

looks like we may only get one-sixth. On the face of it this does not look as though the provisions in this bill are fair to New Jersey.

The Social Security Administration states that there is advantage for the wealthier States in the fact that the bill provides for much more freedom of action, and that payments to the States are averaged rather than having each individual case calculated to see what is the Federal share. Certainly this is a simplified method.

They give as an illustration: If New Jersey was paying one beneficiary \$30 and another one \$100, under the present law the Federal share would be \$24 for the first case and \$39 for the second case, or a total of \$63; while under the new formula the two sums would be lumped together and we would get \$65.

There is also the advantage for the State of more flexibility and medical care will be included in the total amount. However, there have been no figures supplied to show what this possible advantage might amount to in dollars and cents. The Social Security Administration acknowledged that under the new formula New Jersey would get "nicked" a little, but say that it was "not very significant."

New Jersey welfare authorities have no figures as to how the new program would affect our State, so that we are here legislating something which all do not fully understand. It does not seem to me that a couple of weeks before adjournment is the proper time to make such an important change without giving opportunity for authorities in each State to study the repercussions which would come from such a significant change as is provided in this part of the bill.

Several months ago I introduced a bill to increase the authorization for maternal and child health, for child welfare, and for crippled children. I am particularly happy that a substantial increase is provided in this bill for each of these valuable programs. The committee did not go as far as I suggested, but went more than halfway—increasing each of these programs by \$5 million.

I understand the committee's position was that the figure I suggested might well be justified in the future; but that, as it would take time to expand the program effectively, it should not be done all at once.

The maternal and child health program has been most helpful. Today we in New Jersey have in many cases been unable to pay the increased hospital costs of remedial and hospital care for children. An additional appropriation will help.

New Jersey will be particularly interested in the changes in the child welfare provision. At present the law gives priority to aid to rural communities. And, though New Jersey is still the Garden State, this is because our rural population are very efficient farmers. But our rural areas are limited and our rural population is very much smaller than our urban population. This bill extends child welfare to urban areas. One of the fields in which the child welfare program is working well is in its efforts to prevent

juvenile delinquency. It is important that tendencies toward this end be fought at an early age, because it is most difficult to do effective work after a child's pattern of behavior has been shaped. The increase in child welfare funds will aid toward this end.

I have received many complaints that there are not enough funds available for surgical treatment for crippled children. This has been particularly true for children with congenital heart disease. It is a fact that in many hospitals there is a waiting list of small children, pending the availability of funds for such operations. This increased authorization for crippled children may save many young lives.

As is so often true with bills that come before the House, there are many good provisions in this bill but some which seem of doubtful merit but I am going to vote for it—for the good certainly outweighs the bad and I urge every Member of the House to do so also.

Mr. Chairman, I hope that as a Member of the other body I will still be able to work to continue to improve the social security system and maintain its soundness in the future; but that, of course, is for the determination of the sovereign voters of New Jersey. However, I have great confidence in the judgment of my colleagues of the Ways and Means Committee. I know of no body of men with whom I am happier to leave the future guidance of what has been one of my chief interests here for so many years.

Mr. CUNNINGHAM of Iowa. Mr. Chairman, BOB KEAN and I came to Congress together in 1939.

He has been a leader in social security legislation for many years.

For many years he and I served on the consent calendar on which important committee he served for 10 years. During that time he helped save many millions of the taxpayers' money.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Rhode Island [Mr. FORAND].

(Mr. FORAND asked and was given permission to revise and extend his remarks.)

Mr. FORAND. Mr. Chairman, the bill before us today to amend the Social Security Act is a good bill, it is a step forward, and I sincerely hope it will receive the approval of the House and that the Senate will act promptly so that the President without delay can sign it into law. The provisions of the bill have been very well explained by our distinguished and very able chairman, the gentleman from Arkansas [Mr. MILLS], by the gentleman from New York [Mr. REED], and by the gentleman from New Jersey [Mr. KEAN]. I shall, therefore, not go into the details of what the bill contains, but suggest that if any Member has any question or is in doubt as to the meaning of any part of the bill that he refer to the committee report—House Report No. 2288—which is an excellent report and well prepared by the very able staff of our committee. I want to pay tribute to them, to the legislative counsel and to the men from the Social Security Administration who were so

helpful to us during consideration of this bill.

In writing this bill we had in mind two outstanding points, as has been mentioned before. One was to assure the soundness of the OASI Trust Fund so that we may in the future be able to meet the obligations that we say we are going to meet in paying decent retirement benefits to the aged people. The other purpose, of course, was the recognition of the present need for an improvement in benefits now being paid. As I said to you before, this is a step in the right direction, but I must say to you frankly that, while I am supporting the bill with some enthusiasm, I also am a bit disappointed although not disheartened. I am disappointed because we do not go far enough. As all of you know, I am sure, last year I introduced a bill, H. R. 9467, which would have provided hospitalization, nursing home care for surgical services for people who were becoming eligible for social-security benefits. That there is need for such legislation is not questioned by anyone, but apparently we are not ready to take the step necessary to meet the situation that now exists.

In this bill we go part of the way to what I have suggested. I suggested an increase in benefits of 10 percent. In the bill before us, we go to a 7-percent increase in benefits with a minimum of \$3 for those in the low brackets, which really amounts to a 10-percent increase for those who are presently only entitled to \$30 per month. However, I must point out that there is some overlapping between OASI and public assistance, particularly with respect to many of the lower bracket OASI beneficiaries. In fact, there are some 600,000 aged who receive benefits under each program in order to have a minimum existence budget. The extent to which this group will have benefits passed on under this bill is debatable, and may depend upon the action of the States on the public assistance aspects.

But let us keep in mind that while we are doing that—and, sure, we want to keep the trust fund sound—we are afraid to increase the tax sufficiently to meet the requirements of the 10 percent additional benefits which I urged. Yet, we were not reluctant to increase the pay of our Federal employees by 10 percent. We realize that the cost of living has gone up by 8 percent. We are cognizant of the fact that the general wage increase throughout the country has been 12 percent, and yet when I suggested consideration of my bill I ran into terrific opposition—opposition from the present administration and opposition from the American Medical Association.

The American Medical Association, of course, has for years been opposed to what they call socialized medicine. You well recall that in the past they assessed their members \$25 apiece in order to have a fund to fight "socialized medicine," as they termed it, but lo and behold, on the day before the representatives of the AMA were to appear before our committee I tore off the ticker some information coming from San Francisco where the American Medical Association

was holding its annual meeting, and while I will not read the entire statement, let me just refer to this portion:

On the expense side, the organization increased its public relations budget by one-third, pushing it to \$499,906. It cost more last year to run the Washington office of the AMA, hub of the battle to fight socialized medicine. That operation cost some \$249,000 to carry out its assignment.

Naturally I became interested and I went a little further because, while I appreciated the publicity that the AMA has given to my bill and has made it known nationally, I was interested to know how much money they were spending through their Washington and other lobbies, and in the office of the Clerk of the House. I find that in the last 10 years the AMA has spent \$3,915,318.64, according to their own report.

Now, the ticker says that last year, which to my mind means 1957, the Washington office cost \$249,000, yet the figures filed with the Clerk of the House showed for 1957 the amount of \$50,939.22. I leave it to you to reconcile these two figures of \$50,000 as against \$249,000.

Now, you know that the AMA has through the years bandied about the term "socialized medicine" every time we propose to improve the Social Security Act. So, when the representatives of the AMA were before our committee, Dr. Larson and Dr. Krusen, I asked them to define for me what "socialized medicine" meant as the term is used by the AMA. And, on page 1203 of the transcript of the hearings, Dr. Larson replied:

I think it is very difficult to define socialized medicine. I know of nothing in the record of our association that would spell out what the association thinks is socialized medicine.

Yet, that is the label they indiscriminately apply to my bill. I asked Dr. Larson this question: I said that "Dr. Allman who was president of the Association last year labeled my bill socialized medicine. I would like to know just what you mean by that term."

Dr. Larson said that Dr. Allman was speaking as the president of the American Medical Association and as an individual. When I pressed further, Dr. Larson admitted that what Dr. Allman had said was, of course, the stand of the American Medical Association. So I pressed further and asked Dr. Larson if he considered social security to be socialized medicine, and his answer was yes. I asked him if the veterans' medical program was socialized medicine, and again his answer was yes. And when I asked him if Workmen's Compensation was socialized medicine again the answer was yes.

So, you see, anything we are trying to do to improve the health of people of this country, to assist totally and permanently disabled people, what we are trying to have the Government do to meet discrepancies existing here and there, is being objected to by the American Medical Association on the ground that it is socialized medicine, and yet they cannot even give you a definition of the term.

Much has been said about people buying their own health insurance, their own medical and surgical insurance,

their prepayment of hospitalization, and so forth. The fact is that you know and I know that people in the high age brackets, people in retirement ages, have so little income that they cannot afford the high premiums of voluntary insurance. That is the reason why so many of them cannot get needed hospital and surgical service. Many cases have been called to my attention where people badly needed an operation, needed surgery, but they could not afford it. The result was they either postponed it or they gave up the idea of an operation and just kept on suffering.

While discussing this situation with a group of doctors who came to my office, I found out that they think this—and I had to agree with them—that there are two groups in this country who get the best type of medical service available. Those are the wealthy, who can afford to pay for it, and the indigents, who are taken care of in the wards, where the interns look after them and specialists come in to supervise the work. But the great middle class has to look after itself, and they are in a terrible position.

Mr. Chairman, returning to the insurance phase, I would like to give you an example of what is happening under the voluntary insurance we hear so much about. I hold here a letter from a woman over 65 years of age who was carrying medical insurance. She had to go to the hospital and she underwent surgery. She filed her claim. Her claim was paid, but she got this letter:

As you know, the life insurance industry has been established for generations. Records have been accumulated for years and statistical tables have been developed. Based on life insurance tables an extra premium is charged for extra hazards. There are only a few tables on accident, health and hospital insurance because the business is relatively new.

In reviewing your recent case we have concluded that the premium you are paying is not sufficient for the future risk. There is not sufficient data available to quote an intelligent rate on the increased hazard. Therefore we are sorry we must exercise our right to decline to renew your policy.

This letter is to advise you that we will not accept any further premium payments on the above policy without prejudice, of course, to any loss beginning prior to the expiration of the time for which premiums have been accepted.

That is the answer to your voluntary insurance as regards many of these aged people.

I could go on and talk at length on this. I am not going to because, as the report shows, we have instructed the Department of Health, Education, and Welfare to make a study of the hospital and nursing home care and to report back to our committee on February 1 of next year their findings. I am satisfied that by that time we will not have from the Department of Health, Education, and Welfare all of the type of information all of us want, because they have already pleaded that the time is too short. But bear in mind that the question of taking care of the aged from a medical point of view is not a new question by a long shot. We have heard

of studies repeatedly. Studies are being made by this group and that group and another group, yet they never seem to be able to come up with the answer, or they do not want to. I prefer to be charitable and say they cannot.

I am suggesting to our Committee on Ways and Means that early in the next Congress, and I hope I am here at that time, we appoint a subcommittee to look into this question not only of hospitalization and nursing care, which we directed the Department to look into, but also the surgical side of the picture, and that that subcommittee be given the authority to appoint its own staff with a director, and in addition have the authority to appoint its own group of advisers, or an advisory council, if you please, so that we can work independently of the agencies of Government and independently of the American Medical Association. If any of these groups have any information they think will contribute to a solution of this problem, we ask them to present it to this subcommittee so that all the facts can be correlated and action can be taken.

Taking care of the aged is a must. Someone told me I was 10 years ahead of time with this proposal. I do not care whether or not I am 10 years ahead of time, I say this is a must. I am asking now publicly the help of all that are interested in the plight of the aged to come forward, make studies, and furnish our committee with all the information possible so that we can get a solution to this distressing problem in the not too distant future.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from New York.

Mr. SANTANGELO. I commend the gentleman from Rhode Island on the pioneering work he is doing in this field to provide for the aged. He knows as well as everyone else knows that the time when an older person requires medical attention and care is when he is about at the time to retire. I hope the committee will pursue the study of the gentleman's bill, especially those provisions for the medical care and hospitalization of our senior citizens. I wish to associate myself with the remarks which the gentleman has uttered with respect to his bill and also to the present bill. I support this bill H. R. 13549.

Mr. FORAND. I thank the gentleman. I must say that he has been consistently pressing for action on this bill, because he, too, realizes the importance of it.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Washington.

Mr. PELLY. I was very much interested in the remarks of the gentleman. I had the pleasure in the 83d Congress of sitting on a committee under the chairmanship of the distinguished gentleman from New Jersey [Mr. WOLVERTON], who made a very comprehensive study of low-cost medical and health plans. I know that that information is available and at the proper time could be very helpful in the study to which the gentleman is looking forward.

Mr. FORAND. I appreciate the gentleman's contribution.

Mr. Chairman, in concluding my remarks I want to make it clear that I am strongly supporting the bill before us, H. R. 13549. It is a good bill, a sound bill, and I hope it will be quickly enacted into law. My only regret is that it did not go as far as I would have liked, but it is indeed a step forward, and I urge the committee to approve it by an overwhelming vote.

Mr. REED. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Illinois [Mr. MASON].

(Mr. MASON asked and was given permission to revise and extend his remarks.)

Mr. MASON. Mr. Chairman, I was the lone "no" vote in the Committee on Ways and Means against this bill. Everybody on the committee was out of step but me. At least that is the way it looked. I feel it is incumbent upon me to tell you why I voted "no" on that bill. In the first place, the bill is nothing but a stopgap bill. We have set up a Commission to make a complete report on the financial soundness of the social security fund, and that Commission will bring in a report this December telling us what is the matter with the fund, if anything is the matter. Pending that report, we cannot act intelligently over the whole situation bearing upon social security. So we decided for 2 reasons and 2 reasons only to act now with this stopgap bill and not wait for a complete overhaul next year. What are those two reasons? Well, first, and I agree with this reason: We did not think we should wait until next year to increase the soundness of the program. We did not think we could wait until next year at least to take one step toward making the program more sound. And on that I am in full accord with the committee. The other reason that we could not wait until next year is the fact that this is an election year and, naturally, in an election year we must, if we can, sweeten up the voters a little bit. So we did increase the benefits a little bit to sweeten up the voters. We also knew very well from a practical standpoint that we just could not vote increased taxes in social security without at least sweetening up the benefits a little bit. So we put the two together—and that is this bill.

I have always opposed the social security program, but I insist I am not against the social security objectives. I want to give the old people what they are entitled to in security, even a little more generous than what they are getting under this bill. So why is it then that I voted against this? Because I have always said that social security should be on a pay-as-you-go basis: That is, require each generation to take care of its own people and not push off to the next generation and to future generations the care of the old people of today. That is exactly what we are doing under this program. I have good authority for making that statement. I have looked over a Brookings Institute report, and the Brookings Institute has a good reputation all over the country.

This is what the Brookings Institute says—

The CHAIRMAN. The time of the gentleman has expired.

Mr. REED. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MASON. I quote from the Brookings Institute bearing on the present social-security program. This is what it said:

We (the present generation) do the promising; you (all future generations) do the paying.

That is how the Brookings Institute characterizes this present social security setup.

The Brookings Institute report recommends that the present social security setup be abandoned entirely and a genuine pay-as-you-go system be established in its place. And a little more generous than this system is. They also say:

Our generation should care for its own and trust future generations to do likewise.

That seems to me to be a sensible, practical and wise conclusion for them to reach. This bill does make the fund a little more sound—actuarially sound, as they say—and in that respect it is an improvement upon the present situation. But if we did away with the program, as the Brookings Institute recommends, it would remove all need for reserve; all need for level premiums; all need for costly and elaborate bookkeeping systems, such as the present law requires.

Once before, 8 or 10 years ago, when we had an amendment to the social-security law under consideration, I took the floor and I opposed it, and I said this: "The Townsend Plan petition, has been at the Speaker's desk for 12 years, and I have refused to sign it because I was still hoping to at least make this system sound, make it a program much better than the Townsend system. But I had given up hope." That was 8 or 10 years ago. "I am now going up and sign the petition, which I have refused to sign for 12 years." And I did it. I also said then, "In my opinion, after careful consideration, the Townsend Plan is more equitable, more practical, more just, much easier and cheaper to administer and less costly in the long run." I still believe it, and because I believe it I voted "no" in committee and I will vote "no" on the floor.

I yield back the remainder of my time, if there is any.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. MASON] has expired.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, in looking back over my years of experience in this great legislative body, I find that my participation in advancing the cause of old-age pensions gives me greater satisfaction than perhaps any other public service I have been privileged to render.

In the history of our social security and old-age assistance system, it is gratifying to note that our senior citizens have not been forgotten. Since 1935, when our general social-security program was enacted into law, the Congress has

passed several amendments to the basic law which in each instance has benefited our old folks. We have seen its coverage extended until now every home is directly or indirectly concerned about its application.

Social-security and retirement payments going into the channels of trade every month is a great stabilizing factor in our national economy. Now and then we hear criticism such as "something for nothing" or "how it will bankrupt the country." But, my friends, did you ever stop to think of what would happen to business, trade, and commerce if, by any chance, all social-security and pension checks were immediately discontinued?

While I recognize the importance of social security in all of its forms to our economic life, I have supported old-age pensions primarily because of its humanitarian aspects. It has made it possible for our senior citizens to approach the declining years of their lives without fear of what might become of them or the humiliation of depending upon their families for their very existence. In fact, it preserves the pride of our American heritage.

I am in thorough accord with the overall objectives of the social-security program, but there are certain improvements I feel should be made. In particular, I refer to the some 2½ million old and destitute citizens who are on old-age assistance getting an average of less than \$60 a month. In this day of high living costs, it is impossible for any person to live in minimum comfort and health on such a pittance.

The great Ways and Means Committee has recognized this situation and in the bill before us we find a general increase of about 7 percent. This is not enough for the segment of our aged to meet their needs but it will be most helpful and will be appreciated. They should have a minimum of \$75 a month.

I wholeheartedly support this legislation with the hope that further improvements will be in order when the Congress convenes next January.

Mr. REED. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Chairman, it is my intention to speak primarily with respect to the old-age and survivors' insurance and the disability insurance program and the amendments to those systems as proposed by this bill, but before doing so I would like to make a comment on that part of this bill which amends title 5, the public assistance program.

I would like to call the attention of the House to the fact that in the public assistance programs the Federal Government is today spending approximately \$1,800,000,000. The amendments proposed in this bill will increase that expenditure by \$287 million a year so that upon its enactment the cost on the part of the Federal Government for public assistance programs will be in excess of \$2 billion a year.

I mention that fact because in this area we have not a program of aid to individuals, this is a program of aid by the Federal Government to the States and the localities.

It was our general conception when we adopted and embarked upon the old age and survivors' insurance system, and, the disability insurance system, that this would relieve the responsibility of Federal participation in the general public-assistance programs. It was intended that as a result of the insurance systems there would be a withdrawal and a reduction of the cost to the Federal Government of these assistance programs and that eventually those programs, to the extent they were necessary in our society and economy, would be the responsibility of the States and the local communities. In my judgment, Mr. Chairman, that is the direction in which we should be moving, but, unfortunately, in spite of the fact that our old age and survivors' insurance system has been expanded, the benefits increased, the amount of participation increased, we find going along with that increase still further increases in the amount of Federal responsibility and Federal cost in all the public-assistance programs.

Mr. Chairman, at some time a halt must be called to Federal responsibility in this area and the problem should be assumed as a proper responsibility of States and local governments. So, Mr. Chairman, to the extent that this bill again puts the Federal Government further into this program, which is basically a State and local program, I disapprove of that part of this legislation.

But let me speak to the matter of the changes in this bill with respect to old age survivors' insurance and disability insurance. Generally speaking, the committee has done an admirable and a fine job in the action that it has taken in this area. There are, of course, two sides to the social security coin and both sides are of equal importance. On one side is benefits, of course, the pay-out. On the other is the financing or the take-in. The committee's action in both of these areas, with respect to benefits, the pay-out, and with respect to the financing, the take-in, is sound and the action is certainly justified and appropriate.

No Government program can be static and this program can be no exception. We, of course, must constantly strive to improve the system, aiming to correct inequities as they develop, make necessary changes as those changes are deemed to be wise and possible.

Mr. Chairman, we have no problem as far as there being a lack of enthusiasm for increasing or developing new benefits, the trouble is, there is an over-enthusiasm, frankly, in this area.

The committee had before it in its discussion of this legislation over 500 bills proposing the liberalization of present benefits or adding new benefits and new areas of payment to the old age and survivors insurance system and the disability insurance program.

There is no lack of imagination on the part of Members of Congress or on the

part of many people with respect to new areas that we could move into as far as payments of money are concerned, either under this system or any other governmental system. But, this system seems to attract particular attention. Let me say this, that this bill does improve the benefit side of the coin, and fortunately the committee avoided the pitfalls set by some of the so-called friends of the system.

You will note in the committee report an enumeration and a description of various changes to remove inequities and to improve the administration. The basic change made in this area is, of course, the increase in benefits of 7 percent with a \$3 minimum increase. This in my judgment, Mr. Chairman, is justified in order to keep benefits consistent with changes in the economy and particularly the increases in the cost of living. This is about the third or fourth such increase that has been made since the system was originally adopted. I think we must recognize that the system is going to be changed in the future in this respect as cost of living increases and as changes are made in our economy; that this figure is not going to remain static. In fact, I am not so sure but what the committee and the Congress should give consideration to the advisability of a provision which would automatically make the basic benefit payments consistent with changes in cost of living or in general economic conditions; a provision in the nature of an escalator clause to be financed by a change in the wage base. Average wages constantly change as your general economy goes on an upward trend. In this way we might possibly avoid the problem which has presented itself during the last 3 election years; the idea that no Congress can adjourn before an election without at least making some changes in the Social Security Act. In my book, if we want to ruin the Social Security Act, it is to start making it a political football to be used to try to garner votes in an election year. That is the most vicious and destructive step that can be taken to cause this whole system to fall in on those very people who are dependent upon it for a base of security in their old age. I am most concerned that we do not let that happen; that we do not take action that will jeopardize the interest of those people who have paid and are continuing to pay into this system and who are depending upon the benefits as a base of support in their old age. I would think that we might, therefore, Mr. Chairman, as I suggest, give consideration to the matter of providing, by some built-in provision in the act, an automatic increase in benefits to keep pace with any pronounced changes, in your general cost of living.

Mr. Chairman, I support the committee action in the benefit increases that are here proposed.

But, let me speak, if I may, Mr. Chairman, about the other side of the social-security coin, the financing side. It is peculiar, and I think somewhat unfortunate, that too much of our discussion is always on the one side of the coin, namely, the benefits. Let it be remem-

bered that for every benefit there is also a tax or a charge to pay for that benefit.

This is not a one-way street, and, therefore, in this discussion we should give equal recognition to the burden of tax that we impose on these very people for any benefit that we propose to give them at some future date. Unless we keep our financing on a sound basis we will jeopardize the whole program.

We have a great responsibility here in the Congress to try and save social security from its so-called friends, those who get overly enthusiastic about what can be done under the program, but ignore the fact that any action has to be paid for and has to be bought by a tax on the people who are working today. I am one who believes that we should enact additional social-security benefits with our eyes wide open. We should take the same approach we take when we buy additional insurance as individuals.

When we buy insurance protection, no matter for what purpose, we not only ask our insurance agent what we are getting, but we also ask him how much we are going to have to pay for it. Only in this way can we determine if the increased protection is worth the price, if the resulting decrease in our spendable income is worth the luxury of possible future benefits. I do not know how we can be less prudent with a Government's social-security program. Indeed, because of its vast scope, the social and economic implications involved and their effect upon the lives of so many millions of our citizens for so long a time in the future, I think we should ask more rather than fewer questions about the cost involved in new proposals for increased protection.

When we, as individuals, buy an insurance policy, we can always cancel it if we find that the burden becomes too great or if we change our mind about the need for the benefit. Let it be remembered, though, that once these benefits are provided by the Government and once the tax is imposed, neither the benefit nor the tax will ever be subject to elimination or reduction except upon the collapse of the whole system. When a new cost is incurred and an additional tax imposed, it becomes permanent.

I do not like to cast doubts upon the future of this program but when I see 500 bills introduced, and when I note that some of the proposals presented to the committee to expand this program go so far that even the authors of the bills admit would require an unconscionable tax, I am worried. I get concerned about the direction in which we could move if we threw discretion to the winds. I think we are in real danger when we see the rush to liberalize this program without proper recognition of the burdens that would be imposed.

I think the danger that we face can be outlined very briefly and bluntly. Social security cannot survive without the willing support of workers and employers whose tax money provides the means to pay the monthly benefits. When you get this system to the point where there is a protest by those who are currently paying the taxes, you are in trouble.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. BYRNES] has expired.

Mr. REED. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MILLS. Mr. Chairman, I, too, yield the gentleman 5 minutes.

Mr. BYRNES of Wisconsin. I thank the gentlemen.

Mr. Chairman, I do want to try to make this point, because to me as I look into the future and consider the future of my children and your children and those who are today paying taxes in anticipation of benefits on their retirement 20, 25, and 30 years from now, it is important that we act here so as not to jeopardize the benefits they are depending on 20 or 25 years from now.

In addition: Social-security taxes are high now and they will increase heavily during the next 11 years irrespective of what we do with regard to any new benefits. Proposals by "friends," and I put that in quotation marks, "friends," of social security to increase benefits and add new ones will require even higher taxes if enacted. There is no new benefit that can be devised that will not require additional taxes. Taxes substantially higher than those now scheduled will kill public support for the program, and that is the fastest way to insure its doom. A danger of such magnitude, if real, should arouse the concern of all of us and of every American.

In the last analysis, social security is a program in which those presently working and their employers contribute for the benefit of those faced with a loss of income when they are old, widowed, orphaned, or disabled. That is the program. Contributions in the form of taxes are compulsory, but workers have been willing to contribute not only because they believe in the humanitarian concept of sharing these risks but because they wish to provide for their own possible future needs. Their continued willingness to contribute depends, however, upon the reasonableness of the contribution or the tax required. The income a worker can devote to future contingencies is limited by his ability to meet other, more immediate needs. When the cost of social-security protection begins to cut too deeply into daily living requirements, workers will make unfavorable comparisons with distant benefits and immediate costs, and when the squeeze on workers' incomes becomes too great, ominous protests will be heard here on Capitol Hill in Washington. When this happens, and you can mark my words, Congress will take heed, as it does of any public expression, because social security, whether we like it or not, is squarely in the middle of politics, and I am not speaking of partisan politics.

Working contributors will always outnumber the living beneficiaries of the program, those receiving benefits. In a political system where the will of the majority prevails, we can fully expect that any sustained protest from a dominant voting group will be listened to and acted upon. Social security, like any other law, cannot exist in the face of continuous adverse public opinion.

It is important that we understand this, because we have not yet really put to the test the willingness of contributors to support even the present benefits. We simply do not know. And why do we not know? We will not know until 1969 if this bill is enacted, and if it is not, we will not know until 1975 what their reaction will be, because under the law it is only then that the taxpayers will feel the full brunt of the social security tax burden. In the early years and still today the taxes are kept relatively low because the costs are low during the period of time required for people to become eligible for benefits. But now as the program approaches maturity, costs have begun to surpass income. That is why the committee has had to amend the bill to increase certain taxes and move up the time for payment of certain taxes in order to avoid that situation.

If the fund is to remain in a position to pay future benefits, these taxes must rise, as they are scheduled to rise under this bill.

Let us remember that taxes on employees and employers, even under present law, are scheduled to go up to 4½ percent on each, on their payrolls and on their wages, and as far as the self-employed are concerned, to 6¾ percent. On the face of it, these may seem to be reasonable, particularly compared with the rates we talk of when we talk of some of our income tax rates, which begin at 20 percent and rise progressively.

But tax rates and taxes are two different things. Tax rates are percentages applied against income to produce taxes. The size of the tax depends not only on the percentage rate but on the amount of income and how it is defined. Income-tax rates are applied against taxable income or income after deductions and after exemptions. Social-security taxes, however, are applied against gross income, income without deductions, and it requires a comparatively high tax rate applied to taxable income to equal the tax produced by a small percentage rate applied to gross income. This distinction, I think, becomes apparent when we compare the social-security taxes that will be paid just by individuals under the social-security tax schedule provided in this bill. Let us take a Mr. Jones and a Mr. Smith, each earning \$4,000. Each has a wife and two children. Mr. Jones is employed and Mr. Smith has his own business. Each of them now pays a Federal income tax of \$245 a year. What is the situation so far as the new social-security tax schedule is concerned? This year Jones, the employee, will pay \$90 in social-security taxes. In 1959, he will pay \$100. Between 1960 and 1962, the annual tax will be \$120. In 1963 to 1965, it will be \$140. From 1965 to 1968, it will be \$160. In 1969, his social-security tax, just on the basis of benefits proposed in this bill, and not any of these other benefits that have been proposed and suggested to the committee, his tax will be \$180 a year. His employer will be required to pay an employer's social-security tax equal to that of each of his employees.

Now, let us take Mr. Smith, the self-employed individual. He is today paying \$135 in social-security taxes. Next year he will pay \$150 under this bill, combined with the present system. From 1960 to 1962, it will be \$180. From 1963 to 1965, he will pay \$210. From 1965 to 1968, he will pay \$240; and in 1969, \$270. Two hundred and seventy dollars will be his social-security tax. His present income tax is \$245. If my mail indicates anything, Mr. Smith and also Mr. Jones are contending that their income taxes to pay for the whole operations of government are too high today. Yet, let us remember this particular program will impose a tax that is in excess of the income tax that many of our people are presently paying. Here is a table showing the income tax and social-security tax on some typical taxpayers:

Taxpayer with wife and 2 dependents under H. R. 13549				
Adjusted gross income	1958 income tax	Social security tax		
		1958	1960	1969
		2¼ per- cent	3 per- cent	4½ per- cent
Employee:				
\$3,000-----	\$65	\$67.50	\$90	\$135.00
\$4,000-----	245	90.00	120	180.00
\$5,000-----	420	94.50	154	216.00
		3¾ per- cent	4½ per- cent	6¾ per- cent
Self-employed:				
\$3,000-----	65	\$101.25	\$135	\$202.50
\$4,000-----	245	135.00	180	270.00
\$5,000-----	420	141.75	216	324.00

It is obvious that the innocent-appearing social-security tax rates, applied against gross income, result in substantial taxes.

In self-employed Smith's case, they will eventually be greater than the Federal income taxes he now pays—taxes which Smiths all over the country, if my mail is any indication, say are way too high.

Employee Jones' social-security taxes will not be as high, but it must be remembered that Jones' employer is contributing a like amount to Jones' account. It can be argued that Jones is paying the employers' share, too. The employer naturally considers Jones' tax as part of his cost of hiring Jones. The part of that cost which goes to the Government cannot go to Jones.

Any way they are viewed, the social-security taxes which will be paid by workers in the future will be heavy taxes.

It should be stressed that these taxes, unlike income taxes, are not subject to reduction. They are permanent taxes, designed to pay the cost of present benefits into the future. We cannot reduce them unless, first, we are willing to take away some of those benefits, or second, we choose to bankrupt the trust fund and jeopardize the future security of every American who has contributed to the program and is depending on it for his future protection.

My point is, Mr. Chairman, that we had better be cautious and make sure

that this burden is a burden that those who will be paying the tax, will be willing to pay.

Let me make just one further comparison to show the increases that we are imposing here. We are going to impose on an individual with a \$4,800 income, as a result of this legislation an increase next year in his social-security tax of 27 percent over the tax he is paying today. The following table shows the amount of tax and the tax increase imposed on an employee and on a self-employed person in the next 11 years:

Annual tax burden under committee bill H. R. 13549 [Adjusted gross income, \$4,800 or more]				
	Percent	Annual amount	Increase over previ- ous tax	Cumu- lative percent increase over 1958 tax
Employee: ¹				
1958-----	2¼ (\$4,200)	\$94.50		
1959-----	2½ (\$4,800)	120.00	\$25.50	27
1960-62-----	3	144.00	24.00	52
1963-65-----	3½	168.00	24.00	78
1966-68-----	4	192.00	24.00	103
1969-----	4½	216.00	24.00	129
Self-employed:				
1958-----	3¾ (\$4,200)	141.75		
1959-----	3¾ (\$4,800)	180.00	\$38.25	27
1960-62-----	4½	216.00	36.00	52
1963-65-----	5¼	252.00	36.00	78
1966-68-----	6	288.00	36.00	103
1969-----	6¾	324.00	36.00	129

¹ Employer matches this tax for each employee on his payroll.

The tax burdens I have been talking about are the burdens that will be essential to pay present benefits. Any benefit increases will require further increases in the tax burden.

It can be fairly stated, I believe, that social security, as it exists today, with present benefits and present tax schedules, represents a substantially increasing burden upon those whose tax contribution support it.

When the program fully matures, and taxes reach their permanent level, there is a question, as yet unsettled, over the willingness of the contributors to support from their earnings a program of the scope already enacted.

The real danger, however, is the threat posed by the possibility of future congressional action radically enlarging the cost.

Because we have put off into the future the real burden of taxes to support the program, modern demagogues have had a field day with social security. Under the pressure for increased benefits, Congress, in very election year since 1950, has enacted amendments to the basic law which increase its cost and the ultimate burden upon the workers. This could be done, without political fear, because the real impact of social-security taxes will not be felt until some far-off day in the hazy future. What politician can lose votes under a system which permits more benefits to be doled out to living voters now—and be paid for later—by a new generation?

In recognition of this vote-getting ability of social security, each year sees the introduction of hundreds of bills in Congress liberalizing the program. Liberalize, in this context, has only one

meaning—bigger and better benefits. Rarely, if ever, do the authors of these bills discuss the increased costs and increased taxes their bills would require. The emphasis is all upon the additional dollars the present beneficiaries would receive. This is the approach which apparently wins votes. It has been a singularly successful one.

Typical of these bills is S. 3086, introduced during this session of Congress by Senator WILLIAM PROXMIRE, of Wisconsin. Prepared in collaboration with Arthur Altmeyer, former Social Security Administrator, it rolls up in one package most of the currently popular liberalizing proposals.

The bill would cost an additional \$7,-200,000,000 a year. To raise taxes this much would require the greatest Federal tax increase ever enacted by Congress in peace time. It would fall only a trifle short of the heaviest tax increase voted by Congress at the height of World War II.

At maturity there would be inflicted on Jones and Smith the following combined Federal tax burdens:

Jones, the employee we referred to earlier, would be paying \$245 in income taxes and \$220 in social-security taxes, or \$465 a year. These two Federal taxes would equal 31 percent of this taxable income.

Smith, the self-employed we referred to earlier, would be paying \$245 in income taxes and \$330 in social-security taxes, or \$575. His direct Federal taxes would equal 40 percent of his entire taxable income.

If there is any question about the willingness of American workers to bear present social-security taxes, there can be no doubt that these confiscatory taxes could not be sustained in the face of outraged public opinion. The long-range effect of the passage of this bill "liberalizing" social Security would be the destruction of the program.

To the credit of the Senator it must be said that he recognized that the increased benefits would require increased taxes, and the bill provides for a tax increase.

Some Members, however, do not even bother to include in their proposed legislation any tax increase.

I want to give credit to one Member of the House who appeared before us, the gentleman from California, Mr. ROOSEVELT. He appeared with a combination of bills the additional cost of which he admitted would be close to \$8 billion.

He also conceded, however, that the tax to pay for these bills which he had introduced "would represent a totally unrealistic tax burden for the American worker; and, of course, for the self-employed the cost would be even more prohibitive." He did not, unfortunately, express concern for the employers of the country who would be required to match the workers' unrealistic tax burden.

The real danger to the social-security program, however, does not lie in the passage of such bills. Their costs are too obvious. The heavy tax requirements are too apparent. No Congress in its right mind would risk the public outcry

resulting from the tax burdens it would impose immediately.

The peril, instead, will come from attempts to enact its provisions, or others like them, piecemeal. The pressure over the years will be to approve one provision here, a few more there, emphasizing always the great need for the new benefits, minimizing or ignoring the costs, until the same effect has been achieved—an inflated program requiring taxes at rates which endanger the future of the whole system.

How are we to prevent the dissolution of a governmental program in which millions of Americans have placed their trust—and their hard-earned cash?

I do not have any easy answer. I can point only to a hard road, requiring strong discipline on the part of a people able to see through the blandishments of those anxious to buy votes with someone else's money. Here is what we must do:

Recognize that social security is designed to provide basic insurance, not total security, against the hazards it covers. Social security is not a complete substitute for other commonsense precautions, including individual foresight and responsibility. It cannot be—except at prohibitive cost through exorbitant and self-destroying taxes.

Understand that each new or increased benefit requires increased taxes if we are to preserve existing benefits. Social security is not free; each dollar paid out in benefits must come from the earnings of those who are working.

Strive to improve the existing system, aiming to correct inequities as they develop, whenever it can be done without adding substantially to the cost or to the taxes required to fund the program.

Most important, refuse to consider new and costly benefits until we are sure we can support the program. This most difficult job of all requires that we postpone the luxury of new frills until such time as the full impact of present social security taxes is felt. Only then can we legitimately determine whether the American people are willing and able to pay the price of new benefits; only then can we tell whether we can afford the new benefits. It is folly to create the need for even higher taxes in the future when we have no way of knowing, until it actually becomes effective, whether the tax schedule which becomes permanent in 1969 is supportable.

If we do not follow this course, if we proceed blithely to liberalize the program year after year, postponing the day of reckoning, we will make of social security a colossal time bomb which will one day explode in our faces, with consequences no man can now predict. In this bill before us the committee refused to let the supergenerous friends of social security destroy it with their self-serving brand of kindness.

If we follow the example of the committee as established by this bill we will be on safe ground.

One further thought: Let us be careful about what we encourage people to think they can get from this program. When we talk about the benefits let us be honest and frank with the person we

are talking to and say, "This is what you will get but on the other side this is what you will have to pay."

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. BYRNES], has again expired.

Mr. REED. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. TEWES].

Mr. TEWES. Mr. Chairman, during my tenure in this body I have stated frequently that the gentleman from Wisconsin [Mr. BYRNES] diligently serves not only his State and his district, but the entire Nation. The analysis of this bill which he has given us in the talk just concluded is another graphic demonstration of why he is held in such high esteem by all his colleagues. Unmoved by purely emotional appeals, unafraid of political motivations, the gentleman from Wisconsin [Mr. BYRNES] always provides a factual realistic appraisal of tax legislation. Congress sorely needs men who will fearlessly analyze and examine pros and cons of pending proposals even at personal political risk to themselves. The gentleman's support of this bill and the cogent arguments he has presented are a strong reassurance to many of us less versed in the complexities of revenue legislation.

Mr. LAIRD. Mr. Chairman, my respected friend and colleague the gentleman from Wisconsin [Mr. BYRNES] has today displayed his usual sound judgment and keen intellect in presenting and analyzing this important social security bill. The statement he has just made clearly shows why he is referred to on both sides of the aisle as one of the most able and effective Members of Congress. I am pleased to associate myself with his remarks. We in Wisconsin are indeed proud of him as the chairman of our delegation.

(Mr. TEWES asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield such time as she may desire to the gentlewoman from New Jersey [Mrs. DWYER].

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Chairman, I rise in support of this legislation.

Mr. Chairman, by almost any standard the legislation we are now considering is among the most important measures brought before the 85th Congress.

I personally prefer to think of it in terms of the number of people who will be affected by our action. No less than 11,800,000 persons are currently on the social-security rolls. And an estimated 9 out of every 10 American workers will also some day be drawing benefits under the Federal old-age and survivors insurance system.

In my own district—just 1 county in 1 State—about 40,000 people are presently receiving social-security benefits.

Certainly, then there is no question of the tremendous significance of social security legislation to the people of our country.

That significance is further emphasized when one considers that recipients of social-security benefits are severely limited as to the amount of outside income they may receive without forfeiting some or all of their benefits. In general, too, the beneficiaries of social security are advanced in age, or disabled, or are widows or orphans—none of whom have the kind of full earning capacity to care for themselves adequately, without the old-age and disability insurance benefits which they receive.

As the committee pointed out in its report, a survey made by the Department of Health, Education, and Welfare showed that for most beneficiaries their social security benefits constitute the major source of income. For instance, 12 percent of the married couples receiving benefits had no other income, and 60 percent of couples had less than \$1,200 annually of other income. The situation with single retired workers and widows is even less satisfactory.

It is clear, then, that for most beneficiaries social security is fulfilling its basic purpose—that of providing a bare minimum of financial security for those who need it most. But for many, this minimum is bare indeed.

What was considered by Congress to be barely adequate in 1954 has subsequently been eaten away by the steady erosion of inflation. The cost of living in these last 4 years has advanced by about 8 percent. But the fixed benefits of social security and most other sources of retirement income have, of course, remained at the 1954 levels.

Congress, I believe, has an obligation to make periodic adjustments in the benefit levels—within the limits possible for a contributory insurance plan—to help compensate for the havoc of inflation. The present bill would help to do this by increasing the amount of benefits by an average of about 7 percent.

In several other ways, too, the bill makes necessary adjustments and eliminates past inequities in the social security system. But fundamentally, this is a cost-of-living increase—nothing more.

Congress has a further obligation, however—that to the 75 million Americans who are now contributing to the social-security program and who have an important stake in the future soundness of the funds from which their benefits will be paid.

The committee has moved wisely to strengthen the financial basis of the system by advancing the dates on which already-scheduled contribution rates will go into effect. This will reflect more accurately the real costs of the program and will enable the fund to balance income and expenditures.

The committee has also recommended an increase in the maximum limitation on the annual amount of earnings that can be credited toward benefits and taxed for old-age and survivors insurance purposes from \$4,200 to \$4,800. This will further strengthen the fund and in the future will assure that benefits are more realistically related to wage levels.

I believe, Mr. Speaker, that the Ways and Means Committee has made an immensely valuable contribution to the effective administration of a program that means more in terms of human welfare than virtually any other program so far devised by the Federal Government. This bill, the product of much care and work, reflects concern for human beings and consideration for the soundness of a financial system on which so much future happiness depends.

Mr. REED. Mr. Chairman, I ask unanimous consent that the gentleman from West Virginia [Mr. NEAL] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection? There was no objection.

Mr. NEAL. Mr. Chairman, I intend to support this bill. Social Security, generally accepted as an important contribution to the American way of life, demands that the Congress recognize the necessity of maintaining the program on an actuarially sound financial basis.

Failure to provide by legislation an adequate reserve fund to meet unpredictable drains during periods of unemployment could bring undue hardship upon those whose contributions make this program possible, and thereby weaken public confidence in their Government.

The fact that for the first time in social security's history present demands exceed the fund's income is clear evidence that the source of income must be readjusted to take care of annual deficits. With an ever increasing number of beneficiaries the anticipated drain on the fund cannot be expected to remain in balance unless steps are taken to increase personal contributions.

This bill, by raising the taxable base and increasing the rates of assessment on both the employee and the employer promises to restore the reserve fund to an actuarially sound basis.

The social security program is in fact a compulsory insurance program for the greater number of people coming under its provisions. Like any insurance program it costs the insured a premium. To many the benefits at retirement will fall short of the needs to meet pre-retirement living standards. The frugal employee who foresees this inadequacy should place some of his savings in an additional endowment or annuity program with which to supplement his social security when he reaches retirement age.

The disability provisions in this legislation are timely. There is every reason why physically disabled citizens should be included as beneficiaries when their disabilities prevent them from earning wages from which contributions could be made and their periods of earning have been cut short.

It would seem to me that if the Federal Government continues to assume the role of bearing the major part of the cost of old age assistance, provisions for more adequately meeting these needs should be made. Included in this category are those who unfortunately have been denied the opportunity to pay into the social security fund, and who must

therefore depend upon the mercy of local relief administrators, who for lack of sufficient State-government funds can award only mere pittance.

Many of these people live alone in less than comfortable quarters and find it hard to exist on their small monthly payments. This inequity could be improved if fewer families headed by able bodied parents were not the recipients of liberal monthly payments some times, I regret to say, awarded on a pure local political basis. Since the administration of old age assistance rests entirely in the hands of local investigators there is little prospect that the deserving aged will experience much better treatment. The social security program should be revised. These people should be placed on the eligible list to receive direct payments from the social security administration so they may be able to count on regular monthly checks no longer subject to periodic reduction as now prevails through local management.

Let us hope as the years go by that this social security program through periodic adjustments may be made to provide old age assistance with the same regularity and in amounts equal to those who are fortunate enough to retire with social security entitlement.

Mr. REED. Mr. Chairman, I yield to the gentleman from California such time as he may require.

(Mr. BALDWIN asked and was given permission to revise and extend his remarks.)

Mr. BALDWIN. Mr. Chairman, I rise in support of H. R. 13549. This bill provides a much-needed increase in social security benefits. I believe that we must recognize the fact that since the social security program was originated more than 20 years ago, the cost of living has increased materially. If the social security program is going to have the same meaning to its beneficiaries today as it was intended to have when it was originated, we must recognize the fact that upward adjustments are needed in the rate of benefits.

I am very pleased that numerous other important modifications are made in this bill to liberalize the Social Security Act and to correct inequities in the program. One of these is the section which repeals the provision that now requires payments under other disability benefit systems to be offset against social security disability benefits. This will make it possible for a person qualified for both types of payment to be able to receive both types in full. Another of the important changes will provide that a person will not lose a social security benefit under the retirement test for any month in which he has earned \$100 or less, rather than \$80 or less, as under present law.

I also believe that the increases in the Federal contributions to the States for the public assistance program for the aged, blind, disabled, and aid to dependent children, are needed and proper.

This is a good bill, and I urge that the House approve it.

Mr. REED. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I would like to express my deepest regret that the gentleman from New Jersey [Mr. KEAN] is going to a coordinate body, the Senate. He has made his mark in the House of Representatives. He is one of the ablest Members we have had. His contribution to social-security legislation has been very remarkable.

At the same time, as a member of the Ways and Means Committee, Mr. KEAN has taken a leading part in tax legislation. It was his amendment in 1947 that increased the exemption for taxpayers from \$500 to \$600. His bill eliminated the excise tax on short-run commuter trips.

Few in the Congress have as great a knowledge of tax legislation as he.

BOB KEAN was the first Representative who introduced a comprehensive bill to increase benefits and broaden social-security coverage. This was a dozen years ago. Since then he has continued his strong interest in increasing benefits where possible and many of his bills to this end have been enacted into law.

Countless widows and children of servicemen are today receiving more benefits owing to the fine work he did as a member of the five-man Select Committee on Services Benefits.

I remember many years ago when I had a bill on the floor to provide homes for paraplegic veterans. Parliamentary procedure had prevented passage of the bill—a passage at that session seemed hopeless—but BOB KEAN suggested an amendment to me which cleared the trouble up and the bill became law.

The underprivileged never had a better friend than BOB KEAN.

I admire his persistent effort in all lines of endeavor, and will miss him greatly.

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks.)

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. OSTERTAG].

(Mr. OSTERTAG asked and was given permission to revise and extend his remarks.)

Mr. OSTERTAG. Mr. Chairman, I wish to compliment the committee for its diligent and thorough work on this highly important social-security program and for its decision to report this realistic and necessary bill to the Members of the House. This bill, H. R. 13549, meets the needs of the times in this important area. It has become increasingly evident that a revision of the benefits under the old-age and survivors' insurance program is necessary at this time. Since we last took action in 1954, to increase the level of benefits under this program, wages have advanced an average of 12 percent, prices have risen about 8 percent, but the income of our retired people who depend so heavily on their social-security benefits has remained the same. Many of our elderly retired citizens are not maintaining the standards they deserve because of their low retirement incomes, the restrictions on their earnings and the rising costs of living. We have made excellent prog-

ress in social-security legislation but progress demands that we continue our efforts. So the committee is to be commended for recommending this increase of 7 percent in social-security benefits and I believe it is a change which all of us can gladly support.

Though this increase in benefits is desirable, I regret that there is not an equally desirable provision to raise the ceiling on the annual earnings of social-security annuitants. I believe the present \$1,200-a-year ceiling on earnings is unfair and unrealistic. I have introduced legislation during this session to raise the ceiling on earnings to \$1,200 a year plus the difference between the annual benefits received by the annuitant and the maximum benefits permitted. This would not require an increase in payments, but would equalize the total income ceiling for all beneficiaries. I hope this proposal will also receive the favorable consideration of this body at a future date.

I wish to express also my admiration for the committee's action in providing additional income for the social-security fund at this time. This is a highly responsible action of which the entire House can be proud; such action is at the heart of good legislating. For, as gratifying as it is to vote additional deserved benefits for millions of fellow Americans, we must never lose sight of our responsibility to provide the income for these benefits also. And this is the time to provide for the added increase for the social-security fund. Such responsible action will certainly serve to retain—even increase—the confidence of our citizens in their social-security system.

That this action was not an easy one makes it all the more commendable. Approximately 500 bills were introduced in the House of Representatives for amending the social-security program. Many bills would have increased benefits all out of proportion to the corresponding increase in social-security income. Such legislation would have been a great disservice to social-security programs and once again the committee is to be commended for disregarding these proposals and for producing the excellent bill which it has brought here today.

Mr. Chairman, I am glad to support this bill to improve the social-security system and I hope that it will receive the wholehearted approval of the House.

Mr. MILLS. Mr. Chairman, I yield such time as he may require to the gentleman from Virginia [Mr. JENNINGS].

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. JENNINGS. Mr. Chairman, I favor passage of the bill before the House today, and I commend the members of the Ways and Means Committee for their action in reporting such needed legislation.

There is no doubt in my mind that H. R. 13549, the Social Security Amendments of 1958, will rank among the most important bills considered in the entire 85th Congress.

In the past few months we have given attention to much important legislation pertaining to the programs and opera-

tions of the Federal Government, to national defense, the Nation's economy, international affairs, and even to outer space. All of these and many others have been of interest to my constituents. But I have found as much, or more, interest in the social-security program and the need for additional amendments such as contained in H. R. 13549.

Hardly a day passes without someone contacting me in person, or by mail, on social-security problems. I hope that many of these inquiries can be answered with the approval of this bill.

In addition to the 7 percent increase in benefits proposed for the 12 million persons now receiving monthly social security checks, this bill improves the actuarial status of the social security trust funds and makes a variety of other improvements. I know that most of my colleagues are familiar with the committee's report on the provisions of the bill so I will not go into detail. However, there are a few amendments in which I am especially interested.

Mr. Chairman, the need for higher benefits is apparent. The increased cost of living has steadily whittled down the purchasing power of the present benefit levels established in 1954. The proposed 7 percent raise is definitely in order and will help the many persons receiving social security benefits to meet their needs, especially those who rely on such payments as the only source of income.

It is very encouraging to read the committee's report on the disability insurance provisions of the social security program. As one of those proposing disability benefits when the amendments of 1956 were passed, I heartily concur in the plan to pay benefits to the dependents of the disabled and to eliminate the "offset" provision written into the 1956 bill. This latter change will allow those disabled persons meeting the requirements to receive both their full social security benefits and any periodic benefit to which they may become entitled, because of disability, under Federal programs or State workmen's compensation system. Too, the modification of the work requirement for eligibility will assist in many deserving cases.

Among the several provisions of this bill—all of which are needed—is one of particular interest to me.

The committee has included provisions to carry out the objectives of a bill I introduced in the House, H. R. 11754, relating to survivor benefits for adopted children. These provisions provide that a child who was living as a member of a deceased person's household would be considered the adopted child of the deceased person, if at the time that person died, the child was not receiving regular contributions toward his support from someone other than the deceased or his spouse, or from a welfare organization furnishing services or assistance for children, and if the surviving spouse legally adopts the child within 2 years after that person dies.

This change in the Social Security Act, as I pointed out in my statement to the committee in support of H. R. 11754, would affect relatively few people, but

emphasizes the proposition that we must always strive to eliminate the inequities that arise under the program. Any imperfection in the act is extremely important if you are the one who is adversely affected. I have personal knowledge of cases in my district that would be affected by this proposed change in the act; I am sure there are others just as deserving throughout the Nation.

Under existing law, survivor benefits will only be paid to a child who has been adopted at the time of the parent's death. This has been interpreted to mean that the adoption must be final and that children who are merely in the process of being adopted cannot receive a social-security benefit on the basis of the deceased adopting parent's wage record. The hardship of these cases is obvious. A worker and his wife decided to adopt a child; they initiate the proper proceedings and the child comes to live with them. Before the adoption is final, and this can be a considerable length of time in many States, the father dies or is, perhaps, killed in an accident. The mother, naturally, wants to keep the child, but she could be virtually prohibited from doing so under the Social Security Act because she would not be entitled to a survivor's benefit—unless she is 62 or has children under 18—and neither would the child. I maintain to put a mother in this position is inhumane and against wise social policy.

Section 302 of this legislation will allow a benefit to be paid in cases such as I have outlined, if the child is living in the worker's home at the time of the worker's death, is being supported by the worker, and if the surviving spouse completes the adoption within 2 years after the worker dies. Simple humanity, I believe, calls for this revision in the law.

Mr. Chairman, there are several other changes proposed in this bill with which I agree—to strengthen the financial basis of the system, increase the maximum earnings base, the extension of the deadline for filing retroactive applications for the disability freeze, and the provisions concerned with public assistance, maternal, and child-welfare programs.

I have indicated my strong belief that this is one of the most needed and most important bills to come before the Congress. I intend to vote for it and I urge that it be adopted by this body today.

Again, I commend the members of the Ways and Means Committee for their efforts to report a bill that makes needed improvements and at the same time is consistent with sound financial management of the trust funds.

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. GRAY].

(Mr. GRAY asked and was given permission to revise and extend his remarks.)

Mr. GRAY. Mr. Chairman, I rise today in support of this important measure and to commend the distinguished chairman of the committee, Mr. MILLS, of Arkansas, and the other members of the Committee on Ways and Means, for their diligent efforts in studying the entire social-security matter through extensive public hearings. I also want to commend

the committee for reporting this measure to the floor for consideration.

Mr. Chairman, due to the increased cost of living, thousands of old-age and disabled pensioners have been experiencing undue hardship due to a limited income. This bill, of course, will not be the complete answer to their needs, however, it will be of benefit in alleviating some financial problems.

Since coming to Congress in January 1955, I have consistently advocated and supported liberalization of social-security benefits and it is a real sense of joy for me to speak in behalf of this measure today. I hope this bill will pass and become law as quickly as possible in order that social-security recipients will be able to enjoy more fully the necessities of life.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I am happy to state that this is legislation that I can sincerely support. I believe that our committee has done a workmanlike job, and a very thorough job in a very difficult area. The reason behind this bill, however, is something that all of us, I believe, should pay attention to.

The reason this bill is before the House is because of the effect of inflation on the living standards of the social-security beneficiaries, I think it is most important that all of us consider the implication of that fact, because this bill in itself is inflationary and will further the effects of inflation although it seeks to offset those effects on this one segment of our people.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Is the program paying its way?

Mr. CURTIS of Missouri. Yes, although we are not right now, we are actually paying out. What we have been taking into the fund heretofore had been sufficient until quite recently.

Mr. NICHOLSON. Will the passage of this bill make up any deficit?

Mr. CURTIS of Missouri. It will make it better actuarially under this bill. The increase of tax that is provided will more than offset the benefits to be paid out, so the system will be more actuarially sound if this bill becomes law. That is one of the basic reasons why I stated that I could wholeheartedly support it.

The second point I want to emphasize is that when we talk about the people of the United States we are not speaking of just those who can vote. Anyone, on a moment's reflection must agree that there are many people in the United States who do not have the franchise. People who are not yet 21 do not have the franchise and the people who are going to take over in the ensuing generation must be classified as part of the people of the United States who do not have the franchise at this time.

This legislation, which goes on into the future and hopes to bring a system into fruition, concerns, really, the people of the United States of the present

and the future. So anything we do here should give ample consideration to that particular fact and not be done just for those who presently can vote.

The advantages of this bill have been stated, but I want to restate them from my own point of view. The real reason why I say that this bill has some advantage is because I believe it will bring home to the voting people of this country the fact that we cannot increase the benefits in the social security program unless we pay for them. This is the first time, really, that that has been said by the Congress of the United States to the voters. We are saying that if we want to have these increased benefits to take care of the problems that inflation has caused, we are going to have to increase the social security tax in order to pay for them. It is particularly important that this generation realize this because this generation is not paying its way as far as social security benefits are concerned.

This system is predicated on the theory that the benefits that have been paid in the past and are going to be paid in the near future to a large extent will be borne by our children and our grandchildren yet unborn. So, when we go to increasing benefits, let us remember that we also are apt to be taxing future generations. This Congress can face up to that fact. Other Congresses have not faced up to that fact. Other Congresses have not increased the taxes according to schedule in order to make this system actuarially sound, even predicated, as it was, on a greater tax being borne by a future generation. If they had faced up to that fact and had increased these taxes, instead of voting a moratorium, we would not be in as bad a situation as we are today. But today this Congress has an opportunity of driving home the point that benefits are related to cost, that we cannot increase benefits unless we are willing to pay for them.

There are certain disadvantages in this bill. I want to call attention to what I deem to be a basic disadvantage. If it were not for the overriding advantages, I would be recommending that we vote against the bill. The disadvantage is that this bill is inflationary. If we analyze where this tax is coming from, we will find it will be paid by the consumers of America. It is going to be paid through the increased cost of goods and services because the social-security tax is an employer-employee tax. It is a cost of doing business, in effect. Business, of course, is going to pass that tax, that cost, on in an increased price for goods and services. It is economically and basically an inflationary measure.

It becomes important to realize that, although we may be benefiting a certain segment of our population, those who are on social security, through these increased benefits, at the same time we are taking away some of the benefit through the inflation that is going to ensue as the result of the passage of this measure. On top of that, we are going to be posing an additional problem to the millions—and I repeat the word "millions"—of old people who are not on social security because they were born too soon.

Mr. Chairman, I regret to say that there is a very basic error in our committee report. On page 2 it is stated:

Twelve million now rely on monthly checks from the social-security system as the foundation of their economic security. For the overwhelming majority of these aged and disabled persons, widows, and orphans, these benefits are the major source of their support.

I am certain it is not an intentional misstatement or maybe it is merely a misunderstanding. The point I want to make is that although a majority of our citizens, the older or aged citizens, derive benefit from the social-security system it is not an overwhelming majority. There are in our population 15 million people who are over 65 years of age. Of these 5 million, or one-third, do not get benefits under the social-security system. There are 9 million over 70 years of age in our population, 3½ million of whom do not derive any benefits, which is about two-fifths of that group.

When you get to the people over 75, you find we have 5 million in our population and 2.5 million, one-half of the people over 75, derive no benefits from the social-security system. So, although it is the majority, it is not the overwhelming majority of these older people that are going to benefit by the increase in the benefits of the social-security system under this bill. Yet, through these inflationary forces that will go into effect under this bill we are going to cause the cost of living of these people not on social security to be increased. Their difficulties and their problems will be greater because of this. Now, that is the balance, and we cannot vote for this bill and think that we are covering all the people of the United States when we vote for these increased benefits. There are these underlying economic factors that we must pay attention to, and inflation is going to rob the older people of some of their purchasing power; indeed, the very people to whom we grant these increased benefits are going to have some of it taken away because the cost of living is bound to increase as we increase these benefits.

So, in the future, when new plans are presented before this Congress to increase social-security benefits, we must remember two things: One, they must be paid for; two, we must look to their inflationary effects and who really will pay for the benefits. We must remember that inflation itself is a form of taxation that transfers purchasing power from the pockets of our people to the Federal Government. If we are going to raise money from our people, I suggest the better way to raise it is through some traditional form, one of the classic forms of taxation, be it income tax, excise tax, or employer-employee tax, rather than the tax of inflation. The tax of inflation hits our lowest income groups the most, and it is they who bear the basic brunt of inflation.

One other point I would like to bring out at this time. One theory of social security—and it is fundamentally a sound theory in my opinion—is to relate benefits to earnings, and the second theory is that social security is a base,

only a beginning, not intended to be a complete retirement program. It was never intended to be a complete retirement program of our people. It was intended to serve as a base upon which they could add their own earnings, their own pension plans and programs, and we must always remember that this is not intended nor was it ever intended to be a complete retirement system. It is an incentive and it is a base. Now, when we move to increase the base upon which the tax is paid, we must bear in mind these two basic theories. I am satisfied that the increase from \$4,200 to \$4,800 does not do violence to either theory, although we are getting close to the point where further extensions could do violence.

Let me illustrate. One of the theories relating benefits to earnings requires increasing the base as inflation affects the average annual wage of our people. If everyone in this country had reached the peak of the ceiling, say \$4,200, then we would have no cause to relate benefits to wages, everyone would get the same. But if the ceiling was raised we would have some wage-benefit flexibility. We would still have a system of relating benefits to earnings. The reason for this increase from \$4,200 to \$4,800 upon which a tax is paid is, I might state, also primarily the result of inflation. The average salaries in the Nation, wages and salaries, the media, have gone up, so there is reason for increasing the base. But herein lies the danger. We have built into the social security system—and again I think it is a sound principle—a weighted benefit, so that the amount of tax we pay on the first \$1,000 of earnings brings more benefit percentage-wise than the tax we pay on the next thousand. So the tax that will be paid on the \$600 above \$4,200 if we increase this to \$4,800 will not bring in the same dollar benefit that the tax on the first \$4,200 or on the first \$1,000 would bring. There is built in here a possible seed for the graduated tax formula. This is not a theory of relating benefit to earnings but indeed of spreading and sharing the wealth. If we were to pursue that theory much further we could easily wreck the social security system; that is, the theory behind the social security system we presently have, and end up with something that is no more than a pension system that might just as well be paid for out of the general treasury.

Again I emphasize that I do not believe we have reached that point. But I do say that there is this seed sown in the system, and we must be very careful, in my judgment, each time we increase the ceiling of wages upon which taxes are paid lest we lose our basic system.

Mr. Chairman, my concluding remarks are the ones that I started with; that with all of the disadvantages that I see in this bill I am satisfied that the overriding advantage is so firm that the bill should be enacted. No. 1, we are helping many, many of our people, the majority of our people on social security in taking care of the effects of inflation on them, and we are pointing out that when we

increase the benefits we have to increase taxes at the same time.

And if that one message can be brought home to our people this Congress will have accomplished a major achievement in passing this bill.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman.

Mr. PELLY. We understood that the whole program of social security anticipated that the number of those who are on welfare would gradually diminish; but as I understood the gentleman from Wisconsin [Mr. BYRNES], he said that that trend was not being actually realized; is that a fact?

Mr. CURTIS of Missouri. I think this. There are some figures that would indicate that, but I think if you look at it this way, we would have to disagree with the gentleman. The social-security system originally was not extended to the rural areas and the farmers. In the city areas where it has been in existence a longer period of time the old-age assistance rolls have been declining as social-security payments, old-age and survivors insurance, have been increasing. But because the farm population has just come into the system, you will find a great many people in the rural areas still on the old-age assistance rolls. I am satisfied that as the farm program moves ahead with the rural people coming into the system we will see the same thing happening there that we have seen in the urban areas, a decline in old-age assistance.

Mr. MILLS. Mr. Chairman, will the gentleman yield to me?

Mr. CURTIS of Missouri. I yield to the chairman of the committee.

Mr. MILLS. Mr. Chairman, I was just going to say what the gentleman has just said, that in the overall there has been a decline in the total number of people on OAA. The dollars for that program have risen because of the fact that the States and the Federal Government have increased the benefits payable under OAA.

Mr. CURTIS of Missouri. I think the basic theory of the system is right, that as OASI coverage becomes more complete then OAA will gradually phase out.

Mr. PELLY. Mr. Chairman, if the gentleman will yield further, I am glad to hear the gentleman say that because I think that is one of the great talking points for the Social Security system.

Mr. CURTIS of Missouri. Mr. Chairman, these people not covered at all, I was talking about, will eventually no longer be with us and so we will not have their problem to concern us. But they are with us at the present time and we have many millions of people we are hurting by this bill not helping, let there be no mistake about that.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Rhode Island.

Mr. FORAND. The gentleman will recall the table which was provided us by the Social Security Administration showed that there are some 12 million recipients of old-age and survivors in-

surance, and that of that number of 12 million about 600,000 also have to have supplemental old-age assistance.

Mr. CURTIS of Missouri. That is right.

Mr. FORAND. Six hundred thousand out of the 12 million had to have both?

Mr. CURTIS of Missouri. Yes, because of the effects of inflation.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. CURTIS] has expired.

Mr. MCGREGOR. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 148]

Albert	Friedel	Moulder
Ashley	Gordon	Powell
Baring	Gwinn	Robeson, Va.
Bass, Tenn.	Hays, Ark.	Sadlak
Boggs	Hillings	St. George
Bolling	Hoffman	Scherer
Bonner	Holfield	Scrivner
Burdick	Jackson	Scudder
Carnahan	James	Shuford
Celler	Jenkins	Sieminski
Christopher	Jones, Mo.	Smith, Kans.
Clark	Kearney	Talle
Colmer	Keating	Taylor
Davis, Tenn.	Landrum	Teague, Tex.
Dies	Lesinski	Tollefson
Diggs	Loser	Trimble
Durham	McCarthy	Tuck
Eberharter	McIntire	Willis
Engle	Marshall	
Feighan	Michel	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ELLIOTT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 13549, and finding itself without a quorum, he had directed the roll to be called, when 366 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. HILLINGS. Mr. Chairman, I wish to commend the House Ways and Means Committee for the painstaking work that involved the writing of this bill, H. R. 13549, which is a worthy measure and which I support 100 percent.

The overall objective of this legislation will benefit not only the recipients but our Nation inasmuch as the measure strengthens our social-security system.

Mr. RABAUT. Mr. Chairman, I have watched with great interest the hearings on current social-security proposals which have been conducted by the Committee on Ways and Means in recent weeks because I believe this legislation is among the most important measures awaiting action before this Congress. The bill as reported undoubtedly represents a great deal of time and effort on the part of the committee, but I regret to say that it appears to me to be a "half-loaf" measure in many respects, rather than the kind of a bill this country deserves.

The evidence presented to the committee showed overwhelmingly the need for an increase in the amount of bene-

fits by at least 10 percent, but the bill as reported pares this amount down to just 7 percent. I recognize that, since the bill was reported under a closed rule, it will be impossible to amend it on the floor to make a very necessary upward adjustment in benefit amounts. But I must rise in vigorous protest against what appears to be a pennypinching policy in the decision as to the amount of benefit increase to which our older Americans are entitled.

The committee's report itself notes that, since the last benefit increase was put into effect in 1954, wages have increased by about 12 percent and prices by 8 percent. Simply stated, this means that, in the face of steeply rising prices—particularly of those necessities of life, food, and proper medical care—we have held to 1954 standards in the amounts of our social-security payments. This is neither equitable, nor is it sound economy. If we can be sure of one thing, we can be certain that an increase in social-security checks will go indirectly into the economy. It will be used to purchase the food, the clothing, and the medical care which is so desperately needed by men and women trying to live on a social-security benefit which now averages around \$65 per month for a retired individual.

It is noteworthy, I believe, that the organizations which appeared before the Ways and Means Committee urging an increase in benefits were representative not exclusively of older people, but of the entire working population of the country. For the AFL-CIO, Nelson Cruikshank appeared on June 26 in support of a 10-percent increase in benefits on behalf of those "many aged persons today who are struggling along on incomes insufficient to provide the basis for health, comfort, and happiness." He pointed out that the average monthly benefits in current payment status in April 1958 were as follows:

Old age.....	\$65.41
Wife's or husband's.....	34.71
Widow's or widower's.....	51.40
Parent's.....	52.13
Child's (survivor).....	41.24
Mother's.....	49.62
Disability (after deductions).....	74.00

I agree entirely with Mr. Cruikshank that—

These amounts, compared to monthly expenses, are pathetically small.

I am also thoroughly in accord with his statement that—

Surely the United States in the atomic age can do better by our aged citizens.

Simple arithmetic shows that \$65.41 a month is just \$784.92 a year—and that is not enough. The recent budget prepared by the Health and Welfare Council of New York City described as a very modest budget for a man and wife, both over 65, calls for \$196 a month, or 20 percent more than the \$162.80 maximum now available to a couple in the form of old-age benefits. The same New York budget calls for about \$135 a month for an elderly widow living alone—or close to 3 times the average benefit of \$51 that a widow now receives. Costs in New York are reasonably typical of those in other large cities.

The committee report also points to one very significant fact which must weigh on the minds of all of us as we consider this very important legislation—namely, that social-security benefits constitute the major source of income for most people now on the rolls. The report cites figures obtained in a survey in December 1957 by the Department of Health, Education, and Welfare which showed that, of the married couples on the benefit rolls, 60 percent had less than \$1,200 in income in addition to their social-security benefits. This same survey showed that only 23 percent of all retired men and 11 percent of retired women are receiving employer or union pensions to supplement their social-security benefit. And the median income for aged widows, in addition to their social-security benefits, was just \$270 last December, bringing the median total income of aged widow beneficiaries up to the appallingly inadequate figure of just \$880 per year, including their social-security payment.

In the face of these facts, a "pinch-penny policy" is not only unwise but it is delusive. For, as Dr. Eveline M. Burns, of Columbia University, said when she appeared before the committee in favor of a 10 percent increase in benefits:

Even in 1954, average benefits were barely adequate, together with the resources possessed by the average beneficiary, to meet minimum living costs. The rising cost of living means that more and more beneficiaries are forced to seek supplementation from public assistance, thus destroying what our people regard as the main advantage of social insurance, namely the possibility of having nothing to do with means test procedures. For it makes little difference to one's sense of self respect whether one has to submit to this procedure to obtain the whole of one's monthly income or to obtain the missing 8 or 10 percent. To raise benefits now, for both already retired and future beneficiaries, by 10 percent or a little more than the current cost of living increase but less than the increase in average earnings would, in view of probable trends in prices, make it less necessary to adopt a hurried change in the next year or two. It would also serve to give beneficiaries some share in the rising productivity of the Nation.

This is, it seems to me, a very fair statement of the obligation which this Congress has to raise benefits by at least 10 percent.

I am also greatly concerned over the fact that the committee bill was content to overlook the opportunity to make hospital, surgical and nursing home benefits available to people eligible for social security, in line with proposals which have been made by Congressman FORAND and many other Members of Congress, by labor groups and by forward-looking authorities in this field throughout the country.

All evidence shows that only a small group of people aged 65 and over have any health insurance protection today. And nearly 6 million of these older people are living in families whose total incomes are under \$3,000. Clearly, the heavy and unpredictable cost of modern medical care is one of the greatest hazards threatening self-sufficiency in old age. And when a serious—and an expensive—illness strikes, the only alter-

native, in too many families, is public or private charity.

The result is that our public assistance programs must care for the sick and infirm. Public assistance sets relief budgets at minimum levels. In many cases applicants are forced to exhaust virtually all of their savings, or to put a lien on their home to obtain necessary medical care. I am convinced that the majority of the American people are not in accord with a policy which holds that the health needs of our aged can be met only by a means test program like this.

I believe that the type of hospital and surgical benefits outlined in the Forand bill will not only protect our older citizens against the threat of the high cost of illness, but that they will also be of benefit to those institutions which are now supplying medical care. For, as Prof. Wilbur Cohen, of the University of Michigan, pointed out in a recent issue of the American Journal of Nursing:

Hospitals, at the present time, are caught in a tight squeeze. On the one hand, they have long been considered as community nonprofit organizations of a service character and have, thereby, been endowed with a special status under the tax laws. But, to keep their heads above water, they increasingly have had to require potential patients to be able to pay before being admitted. They are thus losing some of their charitable emphasis and become viewed by people in the community as another service institution, albeit still not operated for profit. As they do so, their status in the community is altered by the tendency to demand payment from some source for all service rendered. There is widespread recognition of the difficulty of receiving sufficient endowments, community chest contributions, and payments from public agencies for the indigent to fully cover the costs of hospital service for those who do not or cannot pay the full cost.

The difficult decisions which hospitals are faced with is to refuse to admit those who are not able to pay their full cost, to require someone to pay the full cost on their behalf, or to spread the cost of those who cannot pay over those who can or are willing to pay.

Mr. Chairman, I hope the social security amendments of 1958 will be liberal enough—and imaginative enough—to bespeak the essential humanitarian spirit of this country. To this end the bill should not only be liberalized in the amount of benefits to be paid, and strengthened by the addition of health benefits, but also in several other important respects. I believe, for example, that the amount of annual earnings counted for contribution and benefit purposes should be increased from \$4,200 to \$6,000, rather than only to \$4,800 as provided in the committee bill. In this way we will not only be placing benefit amounts in closer relationship to wages at the time of retirement, but we will also increase collections to help finance other improvements.

I applaud the action of the committee in strengthening the disability benefits program established in the 1956 amendments. By making dependents eligible for benefits, and by liberalizing the eligibility requirements, the committee took a step in the right direction, but I look forward to the day when the present restriction limits on disability bene-

fits to people aged 50 and over will be eliminated. I believe that workers who are unable to work because of total and permanent disability, should be entitled to such benefits regardless of age.

In closing, let me say that I believe our social security system must be as dynamic as our economy. During the past half century this country has demonstrated our marvelous potential for the kind of productive enterprise which, for the first time in the history of mankind, promises that those ancient enemies—hunger and disease—may be conquered. Our social security is a time-tested and effective method of meeting this challenge. Let us keep it that way.

Mr. BROWN of Missouri. Mr. Chairman, for 2 years now, there has scarcely been a day when I was not pleading with members of our Ways and Means Committee to modernize our social security and old-age assistance programs. No one can deny the need for it. Our retired and disabled are helplessly caught in the spiral of cold war inflation. Living costs have increased 8 percent since 1954, the last time social security benefits were changed. And millions of elderly people have lost faith in the future.

At last, the Congress has brought forth a stopgap measure that will correct some inequities, pending further comprehensive reform.

The social security amendments of 1958 increase monthly benefits to social security recipients 7 percent. The person now receiving \$108.50 will, when this bill becomes law, receive \$116 per month. The person receiving \$80 a month will get \$86, and so forth, except the person receiving the \$30 minimum will get a 10 percent increase, or \$33 per month. Incidentally, the committee tried to work it out to where the minimum recipient would get at least a \$5 increase but finally settled on \$3, pending the completion of further study and review.

Now, a \$3 a month or \$6 a month or even \$7.50 a month looks small indeed in these times when a dollar buys so little. But there have been many days in the past 2 years when I feared that there would be no changes whatsoever in social security benefits. The opposition has been tremendous from many quarters; and Government expenditures and taxes are at a regrettably high level, especially when Government is wasting so much on nonsense.

So, in view of the fact that this is a stopgap measure and in view of the complications involved, we cannot be too critical of the 1958 increases.

In addition, this act makes some substantial changes in disability provisions. Henceforth, a man who gradually becomes disabled over a period of 2 or 3 years will not be denied social security benefits. Under existing law, a worker is required to have been working at least 18 of the last 39 months prior to claiming disability. This poses an impossible situation for the man who becomes disabled gradually, thinking he is going to get well, but does become in time totally unable to work. This 1958 act removes the requirement of employment within the 13 quarters prior to disability.

Further, under this 1958 act, it will now be possible for the disabled worker

to receive retroactive disability insurance payments. For instance, if he is declared to be disabled in November 1958, but has been disabled for months prior to that time, he could claim and be paid for as many as 12 months retroactively, dating back to December 1, 1957. This is an improvement, because everybody knows how long it takes in some cases to convince the State authorities of total disability. In the future, the disabled man will not be penalized by this redtape.

This 1958 act also makes a slight change in what a man or woman can earn after reaching 65 without being denied social security benefits. This law provides that a person will not lose a benefit for any month in which he has earned wages of \$100 or less. At the present time, it is \$80 or less.

Now, here is another instance where this bill is a stopgap measure. Many people feel that the \$100 per month in permissible earnings should be closer to \$200. But the chairman of the Ways and Means Committee stated today that such an increase in permissible earnings would throw the whole social security system out of kilter, would necessitate increasing payroll taxes at least 1¾ percent, and is a step that should not be taken until a complete study is made.

Now, just as in everything, there is some bitter with the sweet in this 1958 social security law. The payroll tax on the employee and employer is increased one-fourth of 1 percent.

Each worker earning \$200 a month will have an additional 1½ cents per day deducted from his wages for social security. Each worker earning \$400 a month will have an extra 3 cents per day deducted. Beginning in January 1959, the old-age and survivors insurance payroll-deduction tax will be 2½ percent on employer and employee instead of 2¼ percent.

No one likes bigger deductions. The committee studied countless ways to avoid it; but finally concluded that the payroll tax had to be increased.

Civil service employees pay 10 percent of their wages into their retirement fund and the Government matches it with another 10 percent. Railroad workers pay 7½ percent of their wages into railroad retirement, and the employers match it. Social security coverage is the lowest of them all, even at the new rate of 2½ percent from employee matched with 2½ percent from employer. Incidentally, for the self-employed, the rate increases from 3½ percent to 3¾ percent in 1959.

There are those who feel that it is wrong to increase social security benefits and deductions at this time, because the cost-of defense is such a burden on the taxpayer. This is a compelling argument; but this struggle against communism may well go on for many years.

What happens to our retired and disabled in the meantime? Surely, any working son or daughter worth his salt should be willing to pay 1 cent or 3 cents per day to help ease the burden of parents and grandparents in these difficult times of inflation.

Further, the extra one-fourth of 1 percent on wages up to \$4,800 a year is not just to pay for increased benefits. Part of it goes to make the social-security fund actuarially sound.

With this 1958 act, the social-security fund will be sounder than it has ever been in the past, according to the Chief Actuary of the Social Security Administration.

So, we have made some good changes in the social-security law in 1958. But I am deeply disappointed over what has not been done in the old-age assistance program.

Nothing disturbs me like all this snooping and prying that is required of people over 65 before they can qualify for old-age assistance.

The law says they must need the assistance; but no one has ever spelled out what need really means. It is one thing in Colorado, another in California, and something else in Missouri.

As everyone who knows me can testify, I have pleaded and pleaded with Members of this Congress to change the old-age assistance laws and cut out some of this expensive investigating and reinvestigating. It would be cheaper to pay pensions than to go on spending hundreds of millions of dollars a year keeping borderline cases off the list.

Obviously, the Congress is not prepared to establish a national law whereby a person over 65 would not have to sell her little home or give up her small life insurance policy in order to receive an old-age assistance check.

The Department of Health, Education and Welfare says that qualifying standards must be left to the States.

Obviously, the Congress is not prepared to increase old-age assistance benefits, even though I have shown the Members hundreds of pitiful letters from good people living on the edge of starvation with no other income but their monthly welfare check. The Department of Health, Education and Welfare says it is up to the States.

Well, up to the States or not, this Congress must sooner or later face up to this problem, because the old-age assistance program in its present form is wasting millions of dollars on sheer nonsense.

Once a person is declared to be eligible for old-age assistance, why should she be reinvestigated time and again? Why cannot a person over 65 live with a relative and still be entitled to her old-age assistance? Must she be denied this small measure of financial independence in the closing years of her life just because some Government regulation says so?

This is a matter that cannot be dismissed by buck passing. I guarantee that I will keep haunting the Congress until substantial improvement is made in standardizing the public assistance program.

Also, I am pleased to see that the Secretary of Health, Education and Welfare is to conduct a thorough study of alternative ways of providing insurance against the cost of hospital and nursing home care for old-age, survivors, and disabled. This study is to be completed by February 1, 1959.

Certainly, one of the great fears of anyone over 65 is that he may be stricken by an illness that could cost \$5,000 to \$20,000.

It is a serious problem that should command the Nation's concentrated attention.

Let us get all the facts out on the table. Let us see how good a job private insurance is doing, and what can be done to expedite it. A complete study and report by the Secretary of Health, Education, and Welfare is a first and fundamental step.

All in all, the social-security amendments of 1958 are not world shaking, but they will do some good. Our people over 65 have lagged behind the inflation parade for too long. In a very real sense, they have been the most serious casualties of the cold war. They are caught in an inflation that they did not cause and could not have foreseen.

Social security is a part of the American way of life. It is now sounder than it was a year ago. And that is a signal achievement of this Congress.

I am glad I pestered the members of the committee until they took action. I am glad to have been a part of the effort that made possible the social security changes of 1958 listed herewith.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS

Individuals now on the benefit rolls and all future beneficiaries would have their benefits increased by about 7 percent, more at the minimum, over the levels provided in the present law. The minimum increase in the benefit of a worker who retired at or after age 65 would be \$3. The average increase for workers now retired would be about \$4.75. The increased benefits would be effective for months after the second month following the month of enactment.

The dollar ceiling on the total of benefits payable to a family would be raised from \$200 to \$254, which is equivalent to twice the maximum retirement benefit payable.

The total annual earnings on which benefits could be computed—and on which contributions would be paid—would be raised from \$4,200 to \$4,800, effective January 1, 1959.

Benefits would be provided for the dependents of disabled workers like those now provided for the dependents of retired workers.

The provision that now requires payments under certain other disability benefit systems to be offset against social security disability benefits would be repealed, so that a person eligible for a social security disability benefit and also for disability benefit under another system would receive the full amount of his social security benefit.

The work requirements that a disabled worker must meet to be eligible for cash disability benefits, and to have his benefit rights frozen while he is disabled, would be changed to make it easier for a disabled worker whose disability has a gradual onset to qualify. Under the bill, the worker would no longer be required to have had 6 quarters of coverage out of the 13 calendar

quarters before he became disabled. He would be required to be fully insured and to have 20 quarters of coverage out of the 40 calendar quarters before he became disabled.

Disability insurance benefits—like all other benefits now provided—would be paid for as much as 12 months before the month in which an application for the benefits is filed. Present law contains no provision for retroactive disability insurance payments.

The June 30, 1958, deadline for filing fully retroactive applications for the disability freeze would be postponed for 3 years.

The law would be changed to provide that a person will not lose a benefit under the retirement test for any month in which he has earned wages of \$100 or less, rather than \$80 or less as under present law.

Where earnings exceed the amount allowed under the retirement test without loss of benefits, the excess earnings would be charged to months beginning with the first month of the year. Under present law the excess is charged to months in reverse order beginning with the end of the year. The change means that where an individual's or a family's benefits are increased during a year, the benefits suspended by reason of earnings will be the smaller ones that were payable for the early months of the year.

The law would be changed to provide that where a person over age 18 is the child of a deceased or retired insured worker and has been disabled since before age 18, benefits would, in general, be paid to the child without requiring the proof required under present law that he has been dependent upon the worker for his support. The change would make the requirement for the disabled adult child the same as for the child under age 18.

Benefits would be provided for the dependent parent of a deceased worker even though there is a widow or child of the worker who is or may become eligible for benefits. Under present law a parent can qualify only if there is no such widow or child.

A lump sum would be paid to the widow of a deceased worker only if she was living in the same household with him or has paid his burial expenses.

Benefits would be paid to a child if the child had been living in the worker's household, if the child had not been supported by anyone else, and if he was adopted by the widow of a worker within 2 years after the worker died.

Benefits would be paid to the mother of a child if the child had been adopted by the mother's deceased husband even though they had not been married for as long as a year.

Benefits would be paid to the adopted child of a retired worker even though the child had not been adopted for as long as 3 years.

Where a survivor of a deceased worker was—or might at retirement age become—eligible for benefits based on the worker's earnings but loses eligibility by remarriage, the survivor could become eligible, immediately or upon attainment

of retirement age, for benefits on her second husband's earnings record.

Where two secondary beneficiaries age 18 or over marry each other, for example, the dependent parent of one worker and the widow of another, the payment of benefits to both beneficiaries would be continued. Under present law, both lose benefits. Childhood disability benefits would be continued when the person receiving them marries a person receiving old-age or disability benefits.

Changes would be made in the coverage provisions of the program: First, to facilitate coverage of certain State and local government employees who are in positions covered by a retirement system; second, to facilitate coverage of employees of certain nonprofit organizations; third, to extend coverage to turpentine workers; fourth, to provide social-security credits for earnings which a person has from a partnership during the year of his death; and, fifth, to provide that social-security wage credits of \$160 will be credited for each month of service performed during World War II by American citizens in the armed forces of certain countries which fought against our enemies in that war.

Several changes in technical provisions would be made to facilitate administration of the program.

The tax rates now scheduled in the law would be increased by one-fourth of 1 percent each for employees and employers, and three-eighths of 1 percent for the self-employed, above the rates now scheduled, and the scheduled increases in the rates would take place every 3 years instead of every 5 years. The revised schedule would be as follows:

[Percent]			
	Em- ployers	Em- ployees	Self- employed
1959.....	2½	2½	3¾
1960-62.....	3	3	4½
1963-65.....	3½	3½	5¼
1966-68.....	4	4	6
1969 and thereafter.....	4½	4½	6¾

PUBLIC ASSISTANCE PROVISIONS

The bill provides a new formula for Federal participation in public assistance providing additional funds to all States and maximum flexibility in meeting medical care needs and other special needs. The formula also recognizes the limited fiscal capacity of the lower income States.

It extends the public assistance program to Guam, increases the Federal fund limitations for Puerto Rico and the Virgin Islands, and extends for 2 years a special provision applying to blind programs in Missouri and Pennsylvania.

MATERNAL AND CHILD WELFARE PROVISIONS

Authorizations are increased: for maternal and child health from \$16.5 million to \$21.5 million, for crippled children's services from \$15 million to \$20 million, and child welfare services from \$12 million to \$17 million.

In the child welfare services program, existing differences in treatment of urban and rural children are eliminated.

Mrs. GRANAHAH. Mr. Chairman, I am very happy to endorse this bill, as far as it goes, to increase social security benefits by about 7 percent and to correct a few of the technical deficiencies of the present law, particularly the features relating to the disability program. Of course, this is not a comprehensive reworking of the social security law but is more in the nature of a patching job. I hope next year the Committee on Ways and Means can go forward into some of the other areas of the social security law which they say in their report they intend to study further.

In the meantime I think the committee deserves our gratitude for finding time in the closing days of this busy session to hold hearings and bring forward this bill for House action. I know this legislation will be most helpful to a great many people now finding it extremely difficult to make ends meet because of the steadily increasing cost of living. The change in the earnings standard from \$80 to \$100 a month will also be very helpful. Most of the other changes are technical and apply just to limited numbers of cases except for the increase in public assistance grants which will benefit millions of people, and I am glad that was also included in the bill.

Just a few days ago I received a letter from a good friend of mine, a prominent member of the medical profession, expressing strong doubts about the whole social security program and saying he did not think the program was actuarially sound; or, even more serious, that he did not think it was in conformance with the American way of life and was a grave threat to the American way of life. He wrote me:

Our attempts to provide everyone with absolute security accomplishes little other than the weakness of personal initiative and overburdening of the taxpayer. The increased benefits will never be covered by the so-called social-security premium but must be covered by general taxation.

Mr. Chairman, in my reply I stated:

Frankly, I do not think that social security has been a threat to the American way or that it has weakened personal initiative. I think most of the people who benefit from it are decent people who would in many cases not have been able to provide for their own retirement. You doctors are keeping us alive longer and as a result our working force is growing older. But older people are finding it difficult to hold on to their jobs, and impossible to find new ones. Without social security I think we would be in a deplorable situation as a result of this problem.

I mentioned in my letter to the doctor the bill we passed here in the House a few days ago to permit self-employed taxpayers to set aside a tenth of their annual income, up to \$2,500 a year, in a tax-free retirement fund, and I said, compared to the benefit this would give to professional people and businessmen, and other self-employed people in the higher brackets, the increases we are providing in this bill for social-security beneficiaries will be very modest indeed.

Mr. ROBISON of New York. Mr. Chairman, I wish to add my own words of commendation to the Committee on

Ways and Means, its distinguished chairman, and to my beloved colleague the gentleman from New York [Mr. REED], its ranking minority member, for the considerable and sincere effort to improve our social-security system represented by this legislation—H. R. 13549.

I do not agree with all the provisions of the bill, and would have had a number of amendments of my own to present which, of course, I cannot now do under the closed rule that has been adopted. I am also of the opinion that it might have been better, before making so many sweeping changes, to have awaited the report of the Advisory Council on Social Security Financing that is now studying many of these complex matters, since such report is expected to be received later this year.

Nevertheless, I intend to support the bill, primarily because there is no question in my mind, despite earlier serious doubts of the wisdom of bringing the Federal Government into this field, that social security is here to stay, that it has become an important fact of life for every American citizen, and that, as such, it is imperative that it be kept both as effective and as actuarially sound as possible.

As to the effectiveness of the program, there is much I would like to say but it would be pure repetition of what others have said here today. What a good thing Adam had—when he said something he knew nobody had said it before.

However, as simply as possible, let me say with all my colleagues that we do recognize that inflation, for which this Congress bears a responsibility, has nibbled away at the values of this program for our elder citizens. For the 12 million persons, whose social-security benefits constitute the major source of their support, rising living costs have sapped the purchasing power of those benefits to the point where many of them have had to endure the humiliating experience of asking for public assistance in order to survive. Bearing as we do much of the responsibility for this condition, we cannot shirk or postpone our duty to alleviate such an unintended result. These people have no spokesman, in the way in which unions speak for their members, yet we Members of Congress have often heard their individual pleas for recognition. If we can vote pay increases for the postal workers and other governmental employees, surely we must heed the pleas of our elder citizens.

I am confident that the Congress will so act. But I also ask every Member, with all the urgency I can command, to see that the necessity for this legislation is just another signpost of the speed with which we are traveling down the road of inflation, and that we will be thereby encouraged to redouble our efforts to act in future Congresses so that inflation will be curbed and the cost of living stabilized before it is too late. This will require not only courage on the part of the Members of Congress, but also a sense of awareness by the people we represent of the dangers that lie ahead if we are not successful. I believe it is our duty to alert those people

to such dangers. For my part I intend to try to do so.

As to the increased cost of the program, to absorb the cost of the increased benefits and to put the entire social security structure on a sounder basis, I can see no possible alternative, regrettable as it may be. This is an insurance program, not a giveaway scheme. It must be kept that way.

I had hoped the committee would take favorable action on a bill that I and some of my colleagues have introduced to raise the limit of allowable retirement earnings from its present \$1,200 maximum. I still think this is desirable legislation, and would bring a better feeling of usefulness and independence to our elder citizens without disturbing the labor market. We must remember that all of us like to live long, but no one wants to be old and useless. I will continue to work towards further consideration of this question.

Mr. VAN ZANDT. Mr. Chairman, I rise in support of H. R. 13549, a bill which amends the Social Security Act for the purpose of increasing benefits.

Like many Members of the House of Representatives I have had great concern for those of my constituents who are trying to live on present social security benefits in this day and age.

In the opening days of this Congress I sponsored several bills amending the Social Security Act and have been in constant touch with the House Ways and Means Committee urging action in liberalizing the Social Security Act. Last year and again this year I appeared before the committee and presented testimony in support of legislation, the type of which we are considering here today.

When appearing before the House Ways and Means Committee, I presented factual information for the purpose of emphasizing the viewpoints of my constituents regarding liberalization of the Social Security Act. While this bill falls short of carrying out the wishes of my constituents, nevertheless, it is a step in the right direction by increasing benefits.

On April 1, 1958, I addressed the House and urged at that time that Congress take positive and immediate action in relieving the plight of the Nation's elderly citizens. The statement I made at that time follows:

STATEMENT BY REPRESENTATIVE JAMES E. VAN ZANDT, MEMBER OF CONGRESS, 20TH DISTRICT OF PENNSYLVANIA, ON THE FLOOR OF THE HOUSE OF REPRESENTATIVES, APRIL 1, 1958, URGING CONGRESS TO TAKE POSITIVE AND IMMEDIATE ACTION IN RELIEVING THE PLIGHT OF THE NATION'S ELDERLY CITIZENS

Mr. Speaker, early last month the Federal Council on Aging, organized in 1956 and meeting for the first time in Washington, D. C., declared that the welfare of older citizens is everybody's responsibility. This Federal Council set up by President Eisenhower is serving as a valuable clearinghouse for the coordination of the efforts of Federal, State, and local agencies as well as private groups, in programs designed to aid our elderly citizens.

The conference stressed the need for a total national effort aimed at smoothing the way for transition from active life of working and achieving to one of retirement and relaxation.

The size of the joint effort needed may be appreciated when it is considered that life expectancy has increased from 48 in 1900 to 70 today. It is estimated that by 1970 there will be more than 20 million persons over 65 as compared with only 3 million in 1900 and nearly 15 million today.

Mr. Speaker, while the Federal Council on Aging is striving to smooth the way for readjustment in the lives of our elderly citizens, the 85th Congress may well take heed and make a practical contribution by enacting appropriate legislation to grant relief to millions of good Americans who are trying to exist on either public assistance benefits or under the various retirement laws.

It is common knowledge that the monthly benefit check received by millions of elderly citizens is a mere pittance when measured by the current cost of living which is increasing monthly.

Let me call your attention to the following chart showing the consumer price index governing the cost of living and the purchasing power of the dollar for the period 1939 to 1957.

Year	Consumer price index (1939=100)	Purchasing power of the dollar (1939=\$1)
1939.....	100.0	\$1.00
1940.....	100.8	.99
1941.....	105.9	.94
1942.....	117.3	.85
1943.....	124.6	.80
1944.....	126.6	.79
1945.....	129.5	.77
1946.....	140.4	.71
1947.....	160.8	.62
1948.....	173.1	.58
1949.....	171.4	.58
1950.....	173.1	.58
1951.....	186.9	.54
1952.....	191.1	.52
1953.....	192.6	.52
1954.....	193.3	.52
1955.....	192.8	.52
1956.....	195.6	.51
1957.....	202.4	.49

As the chart shows, from 1939 to 1957 the cost of living constantly increased each year until 1957, when it was 102.4 percent over 1939. At the same time, the purchasing power of the dollar decreased from 100 cents in 1939 to 49 cents in 1957. In other words, the cost of living doubled while the value of the dollar was cut in half.

Mr. Speaker, this increased cost of living when coupled with a 49-cent dollar is working real hardship on thousands of beneficiaries of the social security, railroad retirement, and civil service retirement systems, who must live on a fixed monthly income as represented by their monthly retirement check.

Mr. Speaker, the following chart reveals factual information as to the average age and average monthly payment received by beneficiaries of the Social Security Act:

Old-age and survivors insurance monthly benefits in force, 1957

	Average age	Average payment
Retired worker:		
Male.....	72.9	\$70
Female.....	70.9	52
Spouses.....	70.9	34
Widows and widowers.....	72.1	51
Parents.....	76.4	52
Young mothers.....	43.1	49
Children.....	12.0	39

Having mentioned the Railroad Retirement Act, the following figures disclose the average age and monthly annuity payable to beneficiaries under the railroad retirement system:

Beneficiaries under the railroad retirement system on Dec. 31, 1957

	Average annuity	Average age
Retirement annuitants.....	\$114	71.6
Spouse annuitants.....	48	71.0
Pensioners.....	84	86.1
Survivor beneficiaries.....	52	-----
Retired employee and spouse families.....	172	-----

In addition, let me call your attention to the average age and the monthly annuity of the beneficiaries under the Civil Retirement Act:

Class of annuitant	Average monthly annuity	Average age
Employee annuitants:		
Men.....	\$145	67.8
Women.....	116	66.9
Survivor annuitants:		
Widows.....	59	62.7
Children.....	23	12.7
All other.....	39	69.8

Mr. Speaker, the beneficiaries under the social security, railroad retirement and civil service retirement systems have all paid for their benefits and what they receive in the form of a retirement annuity are benefits they earned in their own right. Let me add that these monthly retirement checks represent a rigid and fixed monthly income which Congress alone has the power to alter.

It is true that the cost factor must be reckoned with because we are now told that social security is paying out more in benefits than is being received in payroll taxes.

The Railroad Retirement Board tells us that the estimated actuarial deficit in the railroad-retirement fund is \$170 million annually.

Then too, according to the committee report that accompanied the independent offices appropriation bill for 1959, the civil-retirement and disability fund has been insolvent since June 30, 1953, and the insolvency has increased from \$9.9 billion to \$18.065 billion due to the failure of the Government to make its contributions.

Mr. Speaker, it is universally recognized that the social-security, railroad-retirement, and civil-service-retirement funds are in trouble along with millions of Americans over the age of 65 who are trying to live on a meager monthly retirement check. These recipients of earned benefits in the form of retirement pensions are forced to live under substandard conditions and many of them are barely able to exist.

At the same time, millions of Americans not covered by any of the three retirement systems are forced to exist on public assistance benefits administered by the various States. These public assistance benefits are notoriously low and in justice to our aged should be increased.

As I have already stated, the answer to the plight of these retired Americans rests with the 85th Congress. At this moment there are bills pending in congressional committees that will liberalize benefits and partially improve the financial situation of retired employees under the social security, railroad retirement, and civil-service-retirement systems.

I think these bills should be reported out of the various committees immediately and brought to the floor for consideration.

Every one of these bills is going to add to the cost of social security, railroad retirement and civil service, but at the same time they will provide much needed relief for millions of Americans who are beneficiaries of the three retirement systems.

As pointed out previously, all of these retirement systems are operating at a deficit. To finance these deficits and pay the cost of any increased benefits by this Congress, a joint committee representing both Houses of Congress should be created immediately for the purpose of finding a solution to the overall problem of our elderly citizens.

Mr. Speaker, in conclusion, as I have tried to point out, the plight of our older people is acute. The retirement funds of social security, railroad retirement and civil service are in financial straits, and public assistance benefits are wholly inadequate.

Therefore, let us stop quibbling and assume our responsibility to the American people by solving this distressing problem and giving to the older people of the Nation the relief to which they are entitled in keeping with the American standard of living.

Mr. Chairman, I commend Chairman MILLS and his colleagues on the House Ways and Means Committee for taking action toward increasing benefits under the Social Security Act. It was my hope that benefits would be increased at least 10 percent, but evidently the committee found it impossible to report out a bill that would provide an increase of over 7 percent.

It is my earnest hope that when the 86th Congress convenes next January that the first order of business of the House Ways and Means Committee will be a thorough study of the Social Security Act for the purpose of solving the distressing problem confronting those faced with depending solely upon social security benefits as their source of income.

Mr. TRIMBLE. Mr. Chairman, I am very happy to support H. R. 13549, which grants an increase to those drawing social security benefits. It will help in this period of inflation to meet the living expenses of those who are retired. While the increase is not as much as we would desire, it will go a good ways toward alleviating the pressure of high living costs.

I am happy to join with my colleague, Mr. MILLS, and his great committee in this move.

Mr. DOLLINGER. Mr. Chairman, I am gratified to have the opportunity to vote for legislation to increase social security primary insurance benefits, to provide additional assistance for our aged, blind, and disabled, and aid to dependent children; to increase authorization of Federal funds for maternal and child health, crippled children services, and child welfare services, as well as for other amendments to remove some existing inequities and to liberalize the act in other respects, as provided in the bill before us.

The increase of 7 percent in amount payable to the retired worker, for all beneficiaries, those now on the rolls and those who will benefit in the future, will be of some help to those millions of our elder citizens who have been suffering grave hardships, unable to exist on present social security benefits, due to ever-increasing living costs. I urged the Committee on Ways and Means to increase cash monthly benefits by at least 10 percent, pointing out that nothing less would help retired workers to provide

themselves with the barest necessities of life. However, if 7 percent is the best that can be provided at this time, I have no choice but to accede to the decision of the committee, although I strongly feel that 7 percent is inadequate.

I introduced a bill providing for the removal of the limitation upon the amount of outside income which an individual may earn while receiving social security benefits. In this day of high taxes, high rentals, alltime high food and living costs, it is imperative that the vast majority of pensioners obtain some kind of work in order to take care of their ordinary needs and their dependents. The limitation upon a pensioner's earnings is a great handicap and unjustly penalizes him. No major changes are made in the retirement test in the bill before us, although provisions are slightly liberalized. I feel that the limitation should have been entirely removed, and regret that additional assistance was not provided in this regard.

Another omission in the bill before us, which I greatly deplore, is a program of health benefits to cover cost of certain hospital, nursing home, and surgical services for those receiving old-age and survivors insurance benefits and those who would be eligible for OASI benefits if they applied, as was proposed in various bills. I feel that this vitally needed protection should be provided those who cannot now obtain or afford private insurance and cannot meet the expense of illness and care. I had hoped that the committee would include provisions to solve this serious problem.

I have advocated that full benefits under the Social Security Act, when based upon the attainment of retirement age, should be payable to men at age 60 and to women at age 55, and introduced a bill to provide for this change in the law. I feel that such a revision would lend a helping hand to our aging population and would also mean more job opportunities for our young people. In my opinion, it would have been wise to include such a provision in the bill now before us, and I am sorry that we are not given the opportunity to consider it at this time.

I also introduced a bill to amend title II of the Social Security Act to provide that entitlement to State workmen's compensation benefits shall not prevent an individual from receiving full disability insurance benefits—or child's insurance benefits based on disability—under such title. I am pleased that the committee saw fit to eliminate the disability benefits offset provision of the present law, so that in the future, disabled workers will be entitled to receive both social-security benefits and benefits payable on account of disability under other Federal programs or a State workmen's compensation system. The law now in effect proved very inequitable to disabled workers and should be corrected as recommended by the committee.

I concede that the bill before us contains many helpful and important provisions. However, there is room for much improvement, and I shall continue to work for further liberalization of the law, as I have indicated. The American

worker and those who are now dependent upon social-security benefits for their existence, deserve the best that we can provide.

Mr. POFF. Mr. Chairman, I am happy to find on page 36 of H. R. 13549 the language of the bill which I introduced on April 28, 1958, H. R. 12194, to amend the Social Security Act to authorize insurance benefits for a dependent adopted child effective upon the entry of the final order of adoption.

Under current law, such benefits do not accrue until 3 years after the date of adoption. I am told that the 3-year period was incorporated in the law as a precaution against abuse by those who might adopt children for the sole purpose of increasing the family's social-security benefits. In my judgment, this is an unrealistic danger and an unnecessary precaution.

Under the adoption laws of most States, the child is admitted to the home of its adoptive parents under an interlocutory court decree which grants conditional custody for 1 year. During that year, frequent supervisory visits by constituted State authorities are required. If the adoptive parents fail to exercise proper parental influence, fail to demonstrate appropriate parental devotion, fail to make adequate provision for the child's physical, mental, and social welfare, or fail in any other particular to meet the requirements of the State adoption laws, the interlocutory decree is vacated and the child is remanded to the custody of its natural parents or the child-placement agency, as the case may be. On the other hand, if all statutory requirements are met, the interlocutory decree is merged by the court with a final order of adoption. Effective with the date of entry of the final order, the adoptive parents stand in loco parentis to the child and assume all legal rights and obligations incidental to and incumbent upon natural parenthood; and the child assumes all the legal rights and obligations of a natural child. The child becomes an heir at law, and in most States, the child is required by statute, as soon as he reaches the legal work age, to support a disabled parent, whether natural or adoptive.

Mr. Chairman, the rigid eligibility criteria and the exacting regulatory provisions of State adoption statutes preclude the possibility of abuse of the Social Security program by greedy adoptive parents, and surely the 1-year period is sufficient to resolve the question of good faith.

I submit that it is and should continue to be the policy of Government to encourage rather than discourage the humane act of adoption of dependent children. The Federal Government recognizes the social validity of that policy and gives it positive effect in the Internal Revenue laws under which an adoptive child is eligible for a dependent's income tax exemption of \$600 in the taxable year in which the final order of adoption is entered.

I am advised by the Director of the Bureau of Old-Age and Survivors Insurance that the passage of this legislation would add no appreciable cost—less than

0.01 percent of payroll—to the program. Indeed, very few workers approaching the retirement age of 65 and even fewer workers already retired will adopt young dependent children who would be covered by this amendment. As a practical matter, the amendment would affect primarily orphans or semi-orphans adopted by grandparents or older collateral kindred.

Mr. LIBONATTI. Mr. Chairman, the Ways and Means Committee is to be complimented for its almost unanimous—24 to 1—approval of H. R. 13549 to increase the benefits under the Federal old-age, survivors, and disability insurance system and to financially strengthen the actuarial stability of trust funds. The changes made in the public assistance and maternal and child health and welfare provisions of the Social Security Act accelerate State operation.

The increases were absolutely necessary in view of the rise in the cost of living, together with such incidental increases in present costs for the other necessities of life. It must be also considered that wages today are at their highest level because of the spiraling influence upon the high cost of living. In the previous decades more money was paid into the fund than benefits. But since 1950, we are in the red for \$4 billion. In order to stabilize these deficits in part the wage base was increased from \$4200 to \$4800 after 1958. The increases given by this bill to the old-age and survivors insurance benefit structure for the 12 million beneficiaries approximates 7 percent or about \$3 per month.

The increases of contributions by the 75 million persons now contributing are as follows:

	Each
1957-59.....	2¼
1960-64.....	2¾
1965-69.....	3¼
1970-74.....	3¾
1975 and after.....	4¼

SELF-EMPLOYED

It may be considered that every year after 1959 more money will be paid in than benefits paid out. The self-employed wage base is applicable for taxable years ending after 1958. Self-employed contributions are listed as follows:

1957-59.....	3¾
1960-64.....	4½
1965-69.....	4¾
1970-74.....	5¾
1975 and after.....	6¾

The increases in benefits are in accordance with the representations and pledges on the part of the United States Government under the original act; that the system insured its avowed purpose, that of carrying out the principle that at the age of retirement every member of the system would enjoy the ordinary standard comforts of life at an average cost rate and that it was a guaranteed insurance of that state of security.

The various improvement and liberalization of the disability insurance provisions of this program insure a true interpretation of the true purposes of the security program.

The committee deserves the gratitude of the Members of Congress as well as the approbation of the citizenry and the press. Its forward-looking amendments will eliminate or minimize problems of the future, and the continuing curative legislative increase of rates will result in a stronger financial condition. The most worthy of the progressive steps taken by the committee was that the subject of other benefits enjoyed by the beneficiary should be excluded from any consideration as affecting his or her benefits earned under the act. Chairman WILBUR MILLS has personally earned for himself and members of his courageous committee the plaudits and honored confidence of the electorate as well as their colleagues in the Congress of the United States.

Mr. KARSTEN. Mr. Chairman, I rise to express my strong support of the bill now before the committee, H. R. 13549. This major social security bill will be of material and direct benefit to millions of our American citizens. Over 12 million individuals are now receiving benefits under the old-age, survivors, and disability insurance system. This bill will increase these benefit amounts. In addition, H. R. 13549 will substantially strengthen and improve not only the financing of the Social Security system but also will revise the benefit structure so as to provide new benefits to many who are not eligible under present law.

As my colleagues all know, I have always strongly supported our social security system. I am pleased today to state without reservation that this bill which we now are considering is a good bill and will be of great benefit to our citizens in this period of rising costs and rising prices. It comes to the floor after the most careful and thoughtful consideration by the Committee on Ways and Means.

The distinguished chairman of the Committee on Ways and Means, the Honorable Wilbur D. Mills, has already discussed in considerable detail the principal provisions of this legislation now before us. In the short time available to me I shall not attempt to repeat those details, but there are a few major provisions of the bill which I think I should emphasize.

First, this bill will provide an across-the-board increase in Social Security primary insurance benefits of 7 percent, with a \$3 minimum increase. As Members know, quite a large number of bills have been introduced in this Congress to provide benefit increases, and the Committee on Ways and Means in the course of its executive consideration of Social Security gave careful thought to the various proposals which had been made. Unfortunately, some of these proposals would have cost more money than was considered prudent at this time and would have necessitated fairly drastic increases in the Social Security contributions structure. Under the circumstances of the actuarial status of the Social Security trust funds, our Committee concluded it not only wise but in accordance with our tradition of approaching this matter on a fiscally sound basis to provide the relatively modest increase included in the bill and to devote

such additional funds as might be obtained from the increased contribution rates to strengthening of the trust funds.

Second, Mr. Chairman, the bill increases the wage base from the present \$4,200 to \$4,800. Several purposes are accomplished through this change. In the first place, this increase adjusts the wage base so as to provide for a greater percentage of protection of the incomes of workers and brings the wage base more in line with our past actions. In the second place, increase in the wage base will make it possible for persons retiring in the future to receive a higher benefit. In the third place, increase in the wage base will provide additional funds from which part of the increased benefits may be paid and will also aid in the total effort to strengthen the financial status of the old-age and survivors and disability trust funds.

Third, Mr. Chairman, this bill provides a number of important changes in the substantive provisions of the old-age, survivors, and disability insurance title of the Social Security Act. Dependents of disabled beneficiaries will, under this bill, become eligible for benefits. Without going into detail, the providing of these benefits will assist many families whose breadwinner has been struck down by a disabling illness to have an additional, and in most instances the only, means of basic economic support. I consider this to be one of the most important changes which is made by the bill. Moreover, this bill will remove the so-called dual disability offset provision, and will do away with the anomalous situation presently existing under which a number of our veterans have been prevented from receiving either all of or part of their disability-insurance benefits under the Social Security Act because they may have been receiving a Veterans pension. In addition, this will be of assistance to those disabled persons who also are now receiving Workmen's Compensation based upon disability. Further, Mr. Chairman, there are a large number of somewhat minor but extremely important changes made in either the coverage provisions or in other provisions of this title of the Act which will permit benefits to be paid with respect to claimants who heretofore, because of technical provisions of the law, were unable to qualify.

Mr. Chairman, in addition to the numerous beneficial and meritorious changes in the old-age and survivors insurance title of the act, this bill also makes improvements and significant changes in the public-assistance provisions and in the maternal and child-health provisions of the Social Security Act. Due to the limited time which I have, I will not undertake to go into detail on these aspects of the bill. However, this bill will make it possible for many thousands of our needy aged, blind, and disabled citizens to receive additional assistance payments. Also, additional money is provided for dependent children—the fatherless, the abandoned child, and others.

We have increased authorizations for appropriations with respect to crippled children, maternal, and child health,

and child welfare. I think this is one of the most meritorious provisions of the entire bill.

Finally, Mr. Chairman, this bill contains what I regard as an extremely significant provision relating to aid to the blind programs in the State of Missouri. In my State, we now have meritorious and beneficial dual programs for aid to those individuals who have been unfortunate enough to lose their eyesight. This bill provides for an additional 2-year extension of section 344 (b) of the Social Security Act which will make it possible for the State of Missouri to continue its efforts, in addition to those under the Federal program, to provide assistance to the blind. I am particularly gratified that this provision is included in the bill for it is of considerable importance to citizens in my own State of Missouri.

Mr. Chairman, I strongly urge that the House pass the pending legislation by an overwhelming majority.

Mr. MOORE. Mr. Chairman, I would like to take this opportunity to express my approval and support of H. R. 13549, the bill which is before the House today to improve and liberalize social security benefits.

During this session I have introduced 4 bills which, if enacted, would have improved the benefits and coverage of the Social Security Act. The bill before this body today contains several of the salient features in the bills which I introduced and I am happy to give my endorsement and approval to these provisions. It is regrettable that some inequities still exist in the Social Security Act which will not be corrected by this legislation. It is also unfortunate that the small 7-percent increase in benefits could not be greater to help compensate for the considerable increase in the cost of living which has appreciably reduced the standard of living of persons who today must depend on fixed incomes, annuities or Federal pensions as their only means of livelihood. Taken as a whole, however, H. R. 13549 is undoubtedly the best possible bill which the Congress can hope to enact into law this late in the session, because it is predicated upon the need of the recipients, the ability of the wage earner and employers to finance the increased costs involved, and places the social security system on a more sound actuarial basis.

During the past year, I have received a great deal of mail pointing out deficiencies in the present act, many of which will be corrected by the bill now before the House of Representatives. For instance, this bill provides benefits for the dependents of disabled workers in the same manner as those now provided for the dependents of retired workers. There is also provision for liberalizing the disability requirements and for freezing a worker's benefit rights when he is disabled. These provisions were contained in my bills, H. R. 10844 and H. R. 10845, so I am happy they have been included in this omnibus bill. Retired persons will be able to earn more income without losing benefits, and the bill will repeal a discriminatory provision of the present law which now requires payments under other disability

benefit systems to be offset against social security benefits. In the future, a person qualified for both types of payment will be able to collect both pensions in full.

The enactment of this law will also benefit many West Virginia State and city employees because the bill extends coverage to persons who formerly did not elect to come under the system, but who now may wish to avail themselves of this program. There are also several constructive changes in the sections dealing with dependent children, the aged, blind, and disabled which will have a salutary effect upon recipients of these benefits. An additional \$288 million will be made available to the States under revised formulas for the public assistance programs if this legislation becomes law.

It is my sincere hope that the Senate will schedule immediate action on this legislation after the House of Representatives gives its stamp of approval. Likewise, I intend to urge the President to sign this bill into law, because this is sound and justifiable legislation, and no group deserves any more consideration than does the retired and disabled of our Nation.

Mr. FLOOD. Mr. Chairman, this is an extremely important day for many millions of our older citizens who have been looking toward this body for humanitarian relief of a most desperate economic situation.

I know a great deal about this problem because I represent a district that has experienced and continues to experience an extremely serious unemployment problem, with the consequent result that a large percentage of the youth in that area have been forced to seek employment elsewhere, thus leaving behind the older citizens in a disproportionate ratio.

My mail for the past several years has been most distressing with respect to the economic plight which these unfortunate people find themselves through, as we all know, no fault of their own.

It is the system that falls behind the times that has caused these people to suffer unnecessarily and we must be ever conscious of this continuing problem that affects, directly, the welfare of our senior citizens.

I would be less than candid, Mr. Speaker, if I did not say that I am not satisfied with a major provision of this social-security bill; namely, the proposed increase of 7 percent.

I realize, of course, that this figure is one of compromise, but I have advocated for a long time now that, in all justice, the increase should be at least 10 percent, if not higher.

We all know that the cost of everything we must buy has continued, despite the current recession, in an upward spiral. A paradox, but true. Those now employed have, for the most part, been given increases in their salaries and wages to compensate for the continuing rise in the cost of living. But what about our older citizens? They, too, must battle this unfortunate series of developments in our national economy, and battle it on the basis of a much too meager income.

It is my fervent hope that the Congress, in its wisdom, will not wait too long before it again takes this most vital subject under consideration. We must keep pace with the times.

I strongly urge that in the early part of the next session of the Congress that we undertake to reduce the age eligibility and, most importantly, to increase the benefits to a figure that will enable the recipients to at least cope with the living costs, which they are not now able to do, in a large percentage of cases.

Inasmuch as this system of social security has been established on a sound actuarial basis, it is not to be considered in any way as a system of handouts and doles. It is in the best tradition of this great country of ours that this be so.

In all justice, let us strive to bring this most vital and far-reaching program up to date so that we can alleviate the distressing conditions under which many millions of our fine citizens must live. I am hopeful that the Congress will do just that during the course of the upcoming session, which will get underway in January.

Mr. MONTROYA. Mr. Chairman, the bill under consideration today is indeed a step forward on the subject of social security legislation. While it does not go as far as many of us would prefer that it go, it increases benefits to social security recipients to an extent that the hardships caused by the increase in the cost of living can be alleviated partially.

I recognize fully well that the committee has spent considerable time hearing testimony which, on the record, clearly reflects conclusively that something should be done for the old and needy people of this country. It is sad indeed that the administration has not taken a leading part in bringing about an improvement to our system of social security. The action of the committee is the culmination of congressional leadership in trying to bring about additional benefits within the framework of available funds with a small increase in contributions from employers and employees.

I have no doubt but that the committee would have gone further if it had had aggressive collaboration from the executive department. The record to me does not reflect any recommendations by the executive department such as would bring the retired workers of this country up to a plane consistent with decent and comfortable living standards.

I myself appeared before the committee to plead for adequate increases and have many times urged that Federal funds apportioned to the different States for general assistance programs be increased in ratio so that the States could increase the grants to indigents.

Soon the campaign oratory will flood this land of liberty and bipartisan love for the old people will be the rule of the day. These people may be old and some infirmed but they will call to task those who have failed to raise their voices in their behalf. This is as it should be because we are their servants here and not their masters.

The plan outlined by the gentleman from Rhode Island proposing that we

take inventory through an exhaustive investigation of the plight of the needy people of this country is indeed a plausible approach. I hope that it will become a reality and that the Congress with or without leadership from the executive department will enact legislation when it convenes again to bring about a better way of life for the needy people of this country. Until we do this, we cannot find justification in calling America the land of "liberty and plenty." The "pursuit of happiness" which permeates the preamble of our Constitution is a beautiful phrase but empty in significance unless we shoulder the responsibility of bringing about a better tomorrow for our needy citizens in this great country of ours.

Mr. DOYLE. Mr. Chairman, I wish to emphatically compliment the distinguished chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS], and the distinguished ranking minority member thereof, the gentleman from New York [Mr. REED]; yes, I compliment them, and every member of the Committee on Ways and Means who have worked so diligently and for such a long time to report to us H. R. 13549. This bill today before us, is to increase benefits under the Federal old-age, survivors and disability insurance system, and also to improve the actuarial conditions and status of the trust funds designated to protect the solvency of such fund and system, and which will also otherwise improves and amends the public assistance and maternal and child health and welfare provisions of the existing Social Security Act, as well as submitting to us other marked improvements.

I respectfully request that I have the high privilege of being known as associating myself definitely and specifically, in approval of this marked, advanced, and timely step by way of the Social Security Amendments of 1958.

This whole subject of tax income necessary for our national defense and security; of income taxes and other taxes, is so highly technical that it is of necessity within the personal knowledge of relatively few Members of this great legislative body. Because of the nature of the subject it could never be otherwise. Therefore when a bill like this comes from our distinguished Committee on Ways and Means. I am fully aware of the conscientious, thoroughgoing, expertness and diligence with which that committee and its expert, thoroughly trained professional staff have prepared same for our consideration. Therefore also, in the absence of specific evidence to the contrary, a bill from that committee always has a sort of an abiding presumption with me in favor of the legislation submitted therefrom.

A study of the committee's report, beginning on page 8 and extending over pages 9 and 10, is clear as crystal evidence, of the comprehensiveness of the committee's timely consideration of the subject matter which all of us here are aware, must be considered and acted upon at the earliest practical hour. I am happy that this is the case for now, after we vote this bill today, which I am

sure we will by overwhelming approval, the same can promptly go, I assume, to the other body with a hope and a prayer that a satisfactory bill will be on the President's desk before this Congress adjourns.

The summary of the principal provisions of the bill, beginning on page 8, as I said, and specifying the 21 points contained in the bill, which are there summarized, is a clear proof that the committee has done its dead level best on this occasion; and, Mr. Chairman, that it retains an awareness of the necessity of promptly beginning in the 86th Congress to complete some of the discussions and furnish decisions for our further consideration, in fields not yet fully occupied by fully satisfactory legislation. The distinguished chairman of the committee, the gentleman from Arkansas [Mr. MILLS], has frankly told us today such was the case.

Mr. Chairman, with my emphasis, and with my concord with all who have spoken with effect that this trust fund must be kept entirely solvent and liquid, I find it inappropriate for me to take longer of your time. This bill can stand entirely on its own merit. It comes at a time of need and a time of forward looking in the field of just and proper economic and social welfare benefits. Mr. Speaker, our form of government is able to so function, in my humble judgment, that there is no nation in the world, which we should ever expect or anticipate should, or could, hold a candle to us in the field of individual liberty; fiscal responsibility; domestic tranquility; civil liberties, internal security, and human welfare. This bill is another great advance at an appropriate time.

Mr. BRAY. Mr. Chairman, the bill before us would increase monthly social security benefits by 7 percent, with a minimum raise of \$3. Many of us feel that the increase is not adequate to meet the increased needs of those drawing their retirement benefits, for inflation has continued to eat away at their savings and make economic balance difficult. However, this bill comes before us on a closed rule, precluding any amendments; therefore, it will be impossible to increase or change this amount. Certainly the greatest benefits we can bestow on those living on fixed incomes, whether it be social security or some other form of retirement income, is to stop inflation and the severe economic hardship which it brings. We have been far more successful in stopping inflation in the last 5 years than in the preceding decade, but it has started again and its effects are felt especially among our senior citizens.

When the Ways and Means Committee devoted long hours of hearings and consideration to the subject of social security legislation, many proposals were put forth. This bill limits itself primarily to the subject of the amounts of payments and contributions. It also improves the provisions for disability retirement and the disability freeze of earnings records. There are some other aspects of this program which will perhaps be the subject of the committee's attention in the future.

For the past 6 years, I have introduced legislation to lower the retirement age under social security to age 60. I feel this is particularly important in the many arduous occupations where working at advanced age is very difficult, and in many cases dangerous. Who can say when a person becomes physically unfit to do his job? Many work ably and energetically into their seventies and beyond. Others find a quick ebbing of powers after they have passed the half-century mark. It is not easy to set one age as that which is desirable, or even average, for retirement. In many occupations we have allowed optional retirement at an age prior to 65. I would certainly not suggest that retirement be mandatory at age 60 or even at age 65; but workers should have greater freedom in selecting that time when they feel they must slow down and take things easier.

There are other advantages to allowing a more flexible retirement policy, which should be very evident at this time. As older workers leave their jobs to enjoy the retirement payments toward which they have contributed, they are replaced by younger workers who need the jobs to raise their families. This was one of the motives behind this act in the beginning; the need for this particular effect of social security retirement varies, but the economic downturn of recent months makes the mention of it appropriate at this time.

As an advocate of voluntary retirement at a lower age, I was pleased when the Congress, 2 years ago, allowed women the option of retirement at age 62 at reduced benefits and extended full benefits to widows at age 62. This is a step in the right direction, which should now be followed by a liberalization of the retirement age for men. I hope that this objective will be further pursued in the months to come.

I trust that this legislation will be passed by an overwhelming majority.

Mr. DONOHUE. Mr. Chairman, I rise in support of this bill, H. R. 13549, to further improve and expand our social-security system, and to express the hope that benefits will be increased, by appropriate amendment, to at least 10 percent.

The proposed increase of approximately 7 percent provided by the bill is admittedly below the comparative rise in the cost of living that has occurred since 1954, the last time that the benefits schedule was legislatively adjusted. Since that occasion, there have been proportionately substantial increases in prices and particularly increases on those articles we commonly regard as the necessities of life—food, clothing, rent, medicines, medical and hospital treatment, and so forth. Since the hardship impact of these increases affect the major portion of our people in the lower income brackets, and the retired workers of these brackets, it would appear eminently reasonable and in harmony with the foundation principles of our progressive social-security system to adjust benefit allowances accordingly, and that logically means a minimum increase of 10 percent.

I am, indeed, mindful of those who most earnestly and sincerely desire to keep the social-security program actuarially sound and I am in full agreement with that objective. However, I just as sincerely do not feel that any convincing evidence has been developed here to show that an added 3-percent increase to that proposed in the bill would dangerously weaken the financial structure of the program.

As one who has consistently supported the improvements in this social-security program since becoming a Member of this body, I am particularly pleased that the measure before us recommends increases in the old-age, survivors, and disability insurance benefits, and that it also proposes the added provision of granting benefits for the dependents of disabled workers. In recognition of the necessity for constant review to expand this Christian program, I am also glad to note that the committee proposes further improvements in the public assistance, maternal and child-welfare provisions.

Mr. Speaker, one of the things that marks this country as a God-fearing and God-caring Nation in contrast to the slave state of Communist atheism is our legislative achievements in the fields of social and economic justice. In the propaganda battles that are currently being waged between ourselves and the Soviets, in which we are, unhappily, too often on the losing end, it is imperative for the retention of our position and our prestige as the leader of the free world that we maintain constant progress in our fundamental legislative programs for national welfare and development. We have a chance to take a forward step along this road today by supporting this bill.

The basic objective of our social-security system is to enable our retired American workers and the disabled to retain self-respect and reasonable economic independence in the sunset years of their lives and in time of adversity. In a constantly changing economy this objective is impossible of accomplishment if upward adjustments in the laws are not made to keep pace with the increases in the cost of the articles and services that are essential to a decent existence in a free and blessed Nation.

The chairman and the members of the House Ways and Means Committee are to be congratulated for their awareness and acceptance of their responsibility of recommending legislative changes to the Congress to strengthen and improve our social-security system in accord with the hard facts of our economy. The measure that they have brought before us is a substantially good one and in firm keeping with our tradition as a nation that lives under God. If we cannot all agree on the various amendments of sincere intent to improve the bill, let us in good will compromise our differences and approve the substance without unnecessarily extending this debate. There will be recurring opportunities in the future to make further improvements as the needs are demonstrated. Let us do our job today as well as we can while we look toward

the future in good mind and with good heart.

Mr. BLATNIK. Mr. Chairman, it is time that we take a long and careful look at the responsibilities of a civilized and productive country for its older people. We must think positively on these matters, recognizing that the great industrial changes in this century have created new and difficult problems for the added years of retirement which our modern public health practices have given to us.

We know that the number of older persons, 65 and over, is approaching 15 million. Moreover, official projections place the number of persons 65 and over at 20.7 million in 1975, and the total population at anywhere from 207 million to 228.5 million, depending on the future course of birthrates. The older people in our midst may thus be expected to make up a larger proportion of our total population than other age groups in the future. It may well increase from the present 8.5 percent of all of us to 9 or 10 percent of the total population in 1975. We cannot continue, with patchwork and expedient action, to disregard the total needs of so large a proportion of Americans.

One of the major problems these people face today is the decrease in the income they were accustomed to receive during their working years. Social security is not paying them enough to live on, as we have seen. Those savings which they may have accumulated, or an annuity they may have purchased some years ago, are vastly insufficient to meet today's living costs.

We know that families headed by a person aged 65 or over are, by and large, low income families. If the family head is still working, his earnings are reduced because he is normally past his peak earning period. If he is retired, the retirement income is low. In 1954, nearly half the families headed by a person aged 65 and over had a cash income below \$2,000. Nearly 1 in every 5 families headed by an aged person had less than \$1,000 in income. Older persons living alone tend to have smaller incomes than those living in families. Nearly two-thirds of persons aged 65 and over who lived alone in 1954 had cash incomes below \$1,000.

The necessity for increasing retirement benefits for older folks is obvious to anyone who has noted the inexorable march of the cost of living over the last 4 years. In 1954, the last time we raised social security benefits, the Consumer Price Index stood at 114.8 percent of the 1947-49 level. Now it is nearly 9 points higher at 123.5 percent and the end is not in sight. The same trend has been evident in wages and income but the older people and other beneficiaries who are retired on fixed incomes have not shared these raises and the prices which they must pay force them to accept a lower and lower standard of living.

A substantial number of persons in this country are caught in the squeeze play, as you know. In April of this year 11,628,000 people were receiving social security benefits including 6,476,900 old age beneficiaries, 1,903,600 wives or de-

pendent husbands of retired workers, 1,545,800 fatherless children, 338,000 widowed mothers of children and 187,500 disabled persons. The average benefit for a retired worker today is about \$64 a month while the average survivor benefit, as of January 1958, was only \$45 per month. The present range of benefits for retired workers is from \$30 to \$108.50.

The bill before us does contain some urgently needed improvements in the social security system. And it is certainly deserving of our support. Unfortunately, however, it represents another example of the too little-too late, piecemeal approach to the real solution of the Nation's social security problems. The injustices of present law and the needs created by economic and social changes since the original enactment of the Social Security Act in 1935 are not adequately dealt with in this bill.

These needs and injustices are, briefly, as follows: First, inadequate cash benefits under OASDI; second, inability of many retired persons to provide for unexpected heavy medical expenses; third, the tax on tax, that is, the requirement of paying income taxes on dollars deducted from ones paycheck for social security, railroad retirement, or civil-service retirement; fourth, the inhumane and degrading treatment of public-assistance recipients in some States; fifth, the pitifully low payments under State general-assistance programs; and, sixth, the inability of the unemployment compensation system to cope with the present recession.

We will not have met these problems head on with the enactment of H. R. 13549, although, admittedly, what the bill does give us is better than nothing at all.

The related problems of inadequate benefits and lack of provision for heavy medical expenses of retired persons have been attacked in a sound and reasonable manner by the gentleman from Rhode Island [Mr. FORAND] in his bill, H. R. 9467. His bill would increase benefits by about 10 percent—a far more realistic figure than the 7-percent increase provided for in the bill before us. The Forand bill would also provide for insurance against the costs of hospitalization and surgical care. If we are to approach the problem of old-age security by amending the Social Security Act piecemeal every 2 years, then, at least, we should start now with the Forand proposal. But, instead, the bill before us recommends, instead of hospital and medical care for the aged, a study of the problem. How much more homework do we need on this subject?

The costs of such services are such that our aged and disabled living on OASI benefits are unable to pay for such health services. According to a publication of the Labor Department, Medical Care, by Elizabeth A. Sangford, the cost of medical care was 85 percent higher in December 1956 than 20 years earlier, with two-thirds of the rise having occurred in the last 10 years. Over the 20-year period ending in December 1956, hospital-room rates have increased 265 percent. Moreover, the expenditure per

family for medical care has increased. According to the Labor Department publication referred to above, after adjustment for price increases, the expenditure per family for medical care in 1950 was nearly two and one-half times as much as in 1934-36, even though family size was smaller.

Without further study, we all know that the costs of good medical care have steadily increased and are continuing to do so. We know, too, that older people generally are likely to be victims of the chronic illnesses. And these illnesses strike at a time when income has been severely reduced because these people have retired from their regular jobs.

I know that an argument is made against this proposal on the ground that voluntary coverage of older persons is increasing and can do the job. This may be true for that small portion of the older population who can afford to keep up their payments. But for many more millions of our senior citizens this is an impossible task. The reasons why voluntary plans can never take care of this problem adequately, as outlined in a recent issue of the Chronic Illness News Letter, April 1958, as follows:

1. Much of the existing insurance protection is provided through employer-employee plans which generally do not reach the people who retired before the installation of the plan.
2. Older persons do not accept and rely upon health insurance as do younger people who look upon it as one of the essential elements of the family budget. A recent study at Bloomington, Ill., has pointed up the complication of this point. . . .
3. The physical or mental impairment of many bars them from individual insurance and group plans are not available to them.
4. The increased incidence and severity of sickness due to older age brings about an increased cost of health insurance that cannot be afforded by some.

The Forand bill recognizes the need for sound, long-term financing of the social-security system. Improved benefits require higher contributions and this achieved through raising the wage base from the present figure of \$4,200. The bill before us raises the base to \$4,800. The Forand bill, with its higher benefits, would increase it to \$6,000, changing the benefit formula, and adding a dropout year for every 7 years of coverage. The cost of the much needed improvements provided for in the bill would be covered by raising the tax on employers and employees by 0.5 percent each and by raising the tax on the self-employed by 0.75 percent.

By increasing the wage base the Forand bill will bring the system more in line with the basic principle of relating benefits to earnings during the working life. When the original Social Security Act was put into effect with its wage base of \$3,000, 97 percent of workers covered under social security were making \$3,000 or less. Now when the wage base is set at \$4,200 only 72 percent of covered workers fall under the \$4,200 ceiling. In other words, 28 percent of all covered workers are not getting social security credit for their earnings in excess of \$4,200 under present law.

The effect of the present low wage base is to accentuate the plunge in income

which a middle income worker experiences upon retirement. For example, a person who earns \$500 per month on the average can receive only \$108.50 or 21.7 percent of his average monthly earnings after he retires. May I reiterate that the increase in the wage base from \$4,200 to \$6,000 is essential to keep pace with the economic changes of the last 4 years and to preserve the basic tenets of the social-security program—that is to reward greater output and to permit an individual to approach his preretirement standard of living.

In addition to a 10 percent increase in benefits and hospital and medical care, other needed improvements in the social-security system are ignored in the bill before us.

The present limitation on earnings of \$1,200 is totally unrealistic and should be at least doubled if not removed altogether.

Women should be allowed to receive full benefits at age 60 rather than penalizing them, as they are under present law, for electing to take benefits at age 62.

The age limitation on disability insurance benefits should be removed and eligibility requirements for such benefits liberalized.

These and other improvements are absolutely essential, Mr. Chairman, if we are to adequately cope with the problems confronting us.

"Grow old along with me, the best is yet to be" said the poet Browning. And he no doubt knew whereof he spoke. The peace, tranquility, and satisfaction of having lived a long and fruitful and productive life must be a truly wonderful blessing. But is it a blessing to have to live on practically nothing? To scrimp along on incomes totally inadequate to meet the needs and requirements of an older person? To enjoy no security. No peace. No tranquility. But only gnawing anxiety of where, in many cases, the next meal is coming from or what to do in case of illness. This is what growing old is coming to be today. Not the more leisurely manner of yesteryear where the old folks lived on the farm or with the children in the small town. In our new, modern complex, urban society the farms are disappearing. The children have troubles of their own just getting along solving their own problems.

There seems to be no place for our mothers and fathers. Nowhere for them to go. Nothing for them to do. No adequate source of means for them even to obtain the necessities of life. When it was convenient to take care of our old folks by letting them stay on the farm or live out their days on the park bench in the rural community there was no problem. But that convenience no longer exists and it appears we are actually falling back on that inhuman and archaic attitude that is best expressed in the pompous phrase: "It's not our responsibility. They should have provided for their old age while they were young."

But this can no longer be our attitude. A man's future is no longer his to determine for himself. Vast, complex outside forces often alter the course of a man's life and it may well be that through no

fault of his own whatsoever he has reached old age and found himself simply unable to provide adequately for himself without some form of public aid.

In a nation as rich as ours, the way our old folks are cared for is inexcusable. It is tragic. Here we are: The richest, most powerful nation on earth, but we cannot provide economic security for our older citizens. The Scandinavian countries—Denmark, for instance accept their responsibilities to their older citizens as a matter of course. Have we advanced so far scientifically and technologically that we have regressed socially? Can we claim to be a world leader when we cannot even solve the problems of an aged and aging population while at the same smaller and far less wealthy nations solve this same problem with ease? I cannot see how we can.

The policy of amending the Social Security Act piecemeal fashion every 2 years will not give the Nation's older citizens the true social and economic security they need and so richly deserve. It is time, Mr. Chairman, for a complete and thorough overhaul of the entire system and a recognition of the fact that the existing social-security system is simply incapable of dealing with the problem of our aged and aging population. We cannot solve the problems of today with the patched-up mechanisms of yesterday.

What is needed is bold, positive action. We cannot continue to merely deliberate and study these problems which are so very real in millions of American homes. Rather we must develop a comprehensive program geared to our long-range needs and our American ideals. Sheer humanity demands that we deal with the needs of our older folks and correct the injustices of the existing system.

The bill before us makes a small step in that direction. It is not enough. It does not even come close to coping with the problem. I hope, Mr. Chairman, that next year we will face up to our responsibilities and enact a truly comprehensive, universal Federal social security and pension program under which the Nation's older folks can find true social security.

Mr. BOLAND. Mr. Chairman, I rise in support of this legislation to increase social security benefits by 7 percent. Recipients of social security benefits are all elderly people who are really feeling the pinch of the rising cost of living. Letters I have received from my constituents tell some pitiful stories of older persons trying to get along on social security payments of under \$100 a month.

I am pleased to know that the maximum family insurance benefits under this legislation is increased from \$200 to \$254 a month and that payments will be made to the dependents of the disabled. The bill also contains a more liberal and improved program for the 2½ million persons receiving aid under public assistance, including the aged, the dependent children, the blind, and the disabled.

Mr. Chairman, I filed a bill, H. R. 5863, to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which

may be received by an individual while receiving social security benefits. The limitation has been \$1,200 and will continue to be that amount, for this legislation does not affect this limitation. However, the committee did insert a provision which will help to carry out some of the intent of my bill. Under this legislation a person earning over \$1,200 a year income will not have benefit payments reduced after each \$80 of additional earnings, but each \$100 of additional earnings. This \$20 increase is desirable. It will be of some assistance to those who have had to seek part-time employment after retiring so that they can eke out an existence in dignity in their old age. I urge my colleagues to unanimously adopt this legislation.

Mr. METCALF. Mr. Chairman, as a cosponsor of many of the needed improvements in the Social Security Act, I congratulate the members of the committee on this major contribution to the foundation of the economic security of those who have retired and who are currently contributing to the program.

Although the 7 percent across-the-board increase in primary insurance benefits is less than I supported before the committee, I see the logic of your position that a significant part of the additional contributions should go to strengthen the financing of the system.

I know of no contributor to this program who is unwilling to pay his share of the costs; no one interested in raiding the trust fund which will help pay his benefits.

Individuals now on the benefit rolls and all future beneficiaries would have their benefits increased by about 7 percent, more at the minimum, over the levels provided in the present law. The minimum increase in the benefit of a worker who retired at or after age 65 would be \$3. The average increase for workers now retired would be about \$4.75. Increased benefits would be effective for months after the second month following the month of enactment. The dollar ceiling on the total benefits payable to a family would be raised to \$254 from \$200.

The bill contains major improvements in disability protection, among them those to:

Close a serious gap by providing monthly benefits for dependents of disabled workers at age 50.

Repeal the provision requiring payments under certain other disability benefit systems to be offset against social security disability benefits, so that a person eligible for a social security disability benefit and also for disability benefit under another system would receive the full amount of his social security benefit.

Relax the present recency-of-work test to make it easier for a disabled worker, whose disability came on gradually, to qualify for disability benefits and to have his benefit rights frozen while he is disabled. Under the bill, the worker would no longer be required to have 6 quarters of coverage out of the 13 calendar quarters before he became disabled. He would be required to be fully insured and to have 20 quarters of

coverage out of the 40 calendar quarters before he became disabled.

Provide for retroactive disability insurance payments, going back to as much as 12 months before the month in which an application is filed.

Postpone for 3 years the June 30, 1958, deadline for filing retroactive applications for the disability freeze.

Other significant improvements include those to:

Increase to \$4,800 from \$4,200 the total annual earnings on which benefits could be computed, and on which contributions will be paid.

Provide that a person will not lose a benefit under the retirement test for any month in which he has earned up to \$100, instead of \$80 as under present law.

Provide additional funds and a new formula for Federal participation in public assistance. The additional \$288 million available to the States would come down to an increase of \$1,335,000 for Montana, or enough to give each recipient an average increase of \$6.24.

Increase authorizations by \$15 million, \$5 million each for maternal and child health, crippled children's services, and child welfare services.

While I regret that the committee could not also recommend health benefits for those insured under old-age and survivors insurance, I appreciate the call for a study of the problems faced by the aged in paying for increased hospital and nursing home services and look forward to action on the report by the Secretary of Health, Education, and Welfare, due by February 1, 1959.

As I shall again bring to the attention of the committee at the first opportunity, experience has shown that additional improvements are needed in the Social Security Act, among them those to:

Begin disability benefit payments as soon as the disability occurs instead of at age 50 and redefine "disability" to mean the inability to do the same or similar work an individual was doing on a regular basis before he was disabled.

Provide full, instead of reduced, benefits for all women at age 62; continue survivors insurance benefits to a widowed mother 50 years old when her youngest child becomes 18, instead of ending these payments until she becomes eligible in her own right, and provide that a widow's benefit shall be at least the amount of her husband's primary benefit.

Rewrite the language dealing with Federal grants for needy children. The law now provides help for children who have lost parental support or care by reason of a parent's death, mental or physical incapacity or absence from the home. In a time of recession, this language puts a premium on broken homes. For the children of a jobless man, neither mentally nor physically incapacitated, can only receive help under this program if their father abandons them. If he stays in the home while looking for work, doing his best to keep his family together, the only source of help is general assistance, to which the Federal Government does not contribute. In the interest of strengthening the family, I would either

insert the word "unemployment" in the list of reasons for inability of a parent to support a child, thereby making him eligible for aid to dependent children, or delete the existing reasons, thereby broadening the program to give help to needy children, whatever the reason may be.

Increase unemployment compensation benefits and duration.

Twenty years ago, the unemployment insurance program really meant something. Most States were paying a maximum benefit higher than two-thirds of the average weekly wages. All were paying more than half.

That ratio has declined as benefit levels fell behind rising wages and prices. Today's maximum among the States is only a little more than half the average weekly wage. And the average unemployed worker and his family must somehow get along on \$33 a week. In Montana, it is \$32. In some States, the most an unemployed worker can get is less than one-third the average wage in his State.

It has been more than 3 years since the administration gave the States an unemployment insurance do-it-yourself kit. Having, in 1954, engineered the defeat in the Senate of a proposal which would have increased unemployment compensation benefits by an average of 40 percent, Secretary of Labor Mitchell wrote letters to each governor, suggesting an increase in benefits and an extension of the period for which they would be paid.

Almost 4 years have passed, and not one single State has carried out those recommendations.

Among the bills which I supported before the committee are those to make benefits payable to all unemployed insured individuals for at least 39 weeks. The present duration in Montana is 22 weeks.

The maximum primary benefit would be raised to not less than two-thirds of the State's average weekly wage. Subject to this maximum, each individual's primary benefit would be not less than 50 percent of his weekly wage. This would raise the maximum benefit in Montana to \$50 a week.

Mr. CRAMER. Mr. Chairman, I rise in support of H. R. 13549, the pending bill, having testified for an increase larger than the 7 percent increase contained in this bill, and for certain other amendments before the Ways and Means Committee. May I frankly say that I firmly believe that some adjustments should be made with the definite purpose in mind of increasing benefits under the program to meet the increased cost of living today but with an eye on keeping the program and the trust fund fiscally sound. The proposed bill accomplishes both objectives and I support it although I believe a larger increase would more closely approximate the increased cost of living.

This bill provides for an increase in benefits using a sound actuarial system that will not jeopardize either the fiscal soundness of the program or the tax structure of the Nation. This Congress has recognized the need of increases for retired civil service and military per-

sonnel—of other retirees—has seen the need for increased retirement income in the many departments of Government. In concurrence with these programs and consistent with other retiree action, it follows logically that increased payments under the social-security program should be worked out and enacted by this Congress.

I might point out that such an action would be of great importance to the State of Florida and particularly the first district that I represent. Here we have many retirees—who have planned over a period of years their retirement program. Because of the increased cost of living since their last increase in benefits these retirees are unable to live within the program they had every right to contemplate as adequate and sound and today are, in many cases, in dire straits. Total social-security benefits were paid to 295,033 people in Florida as of June 30, 1957, amounting to \$15,884,408 annually. Of this amount 174,249 persons received old-age benefits of \$11,260,647.

One of the immediate measures to offer partial solution that Congress could also take would be action on my bill H. R. 11186, or a similar bill, which would amend title II of the Social Security Act to increase the outside earnings permitted under the act from the present restriction of \$1,200 to \$1,800. There are two points of justification to this measure which I believe you should consider. The first is a social one and involves the senior citizen who desires and is mentally and physically able to work and continue his useful life on a limited basis during these years. Under the present act the restricting limitation of \$1,200 does not permit practical fulfillment of this commendable desire because of the arbitrary limitation on his earned income. In this instance we find that another useful and productive person who could make a valuable contribution to our economy is compulsorily denied the right to continue adequate gainful employment.

The second justification for the proposal to raise allowable outside earnings to \$1,800 under my bill is the fact that under the present payment schedule an income of \$1,200 does not supplement the annual social-security income sufficiently to provide a reasonable standard of living for the average person dependent on these benefits. Actually, the permitted increase in outside earnings that I have proposed is a relatively small amount but every day in the First District of Florida I meet retirees to whom just this small amount of difference in earnings permitted would mean a new world of comfortable living. This they have earned and, just because of the existence of the social-security program they should not be denied this right. They have every right to an adequate outside income.

I think that it might be worth while to note at this point that the conference committee of the House and Senate removed restrictions written into the increase retirement bill as to outside income and which was passed this year. Further, under the Railroad Retirement Act the Congress realized the equality of

a person drawing all benefits for which he had paid through deductions or other methods. The restriction, which deducted social-security benefits, was paying railroad retirement benefits, was removed in 1954 and today a railroad retiree may draw both of the benefits—certainly a just decision where contributions have been made—an indication that in the sense of Congress there would not be restrictions on outside earnings from whatever source they may come.

This bill does not increase outside earning limitations and I am precluded under the rule from offering such an amendment, but I note by the report that the \$80 per month earned wages retirement test would be raised to \$100.

Again may I say that I am sure the House realizes the just and urgent need of legislation to amend the Social Security Act as it now exists. I feel that the great majority of the Members are insistent that reasonable increases be made to meet the cost of living today. I respectfully request that the Congress during this 85th session act to assist the many deserving retirees under the Social Security Act.

Mr. HENDERSON. Mr. Chairman, I would like to briefly describe the salient features of the bill to amend the Social Security Act. The bill contains both benefits and burdens, benefits to the recipients and burdens to the taxpayers.

The benefits to the recipients are as follows: First, individuals now on the benefit rolls and all future beneficiaries will have their benefits increased by about 7 percent, with a minimum of \$3; second, the dollar ceiling on total benefits payable to a family is raised to \$254; third, benefits are provided for the dependents of the disabled workers like those now provided for the dependents of retired workers; fourth, the provision that now requires payments under certain other disability benefit systems to be offset against social-security benefits is repealed, so that a person eligible for a social-security disability benefit and also for disability benefit under another system would receive the full amount of of his social-security benefit; fifth, the requirement that a worker have 6 quarters of coverage out of the 13 calendar quarters immediately before he becomes disabled is eliminated, but he is still required to be fully insured and to have 20 quarters of coverage out of the 40 calendar quarters before he became disabled; sixth, disability-insurance benefits can be paid for as much as 12 months before the month in which application for the benefits is filed; seventh, the June 30, 1958, deadline for filing fully retroactive applications for the disability freeze is postponed for 3 years; eighth, a person will not lose a benefit under the retirement test for any month in which he has earned \$100 or less—this is an increase from the \$80 figure under the present law; ninth, where an individual's benefits are increased during a year, the benefits which might be suspended by reason of excess of earnings will be the smaller ones that were payable for the early months of the year; tenth, a child of a deceased or a retired worker who has been disabled

since before age 18 can obtain benefits without showing proof of dependency; eleventh, dependent parents may become eligible for benefits even though there is a widow or child; twelfth, certain other technical changes are made in the dependency provisions of the bill.

The increased and liberalized benefits provided by the bill are not the only changes that have been made. More significant, is the increased burden of the social-security program upon the taxpayers which comes as a result of the realization that the social-security fund is out of balance, the recognition that the future of the program is seriously threatened if something is not done about it, and the compelling necessity for facing the facts. On occasion, the Congress has made certain changes in the social-security program which drew heavily on the fund without facing up to the responsibility of increasing the revenue to the fund. On occasion the Congress has postponed the periodic increases in contributions of employee and employer even though it was recognized that a scheduled increase was necessary.

Three changes have been made, which are designed to place the fund more properly in balance, and each of those three changes can well be regarded as an increased tax. The first of these changes is that of requiring a contribution on the first \$4,800 of annual earnings rather than \$4,200, effective January 1959. The second is the increase of one-fourth of 1 percent each for employees and employers and three-eighths of 1 percent for the self-employed above the rates now scheduled. Finally, the scheduled increases in rates will take place every 3 years instead of every 5 years, so that in 1959 the rate will be 2½ percent, in 1960 the rate will be 3 percent, in 1963, 3½ percent, 1966, 4 percent, 1969, 4½ percent. In 1969 the combined contribution of employers and employees will be 9 percent. Taxes on self-employed will be increased as follows: for the year 1959, 3¾ percent; 1960, 4½ percent; 1963, 5¼ percent; 1966, 6 percent; 1969, 6¾ percent.

Even with these increased taxes, the fund will not be quite in balance although slightly improved. From an estimated actuarial deficit of .57 percent of payroll, the bill will place the program in a position of an estimated actuarial deficit of .25 percent.

Mr. VANIK. Mr. Chairman, I am pleased to join in support of this long-overdue legislation to raise social security benefits. The seven percent increase provided by this bill represents only a modest effort to adjust benefits to the skyrocketing rise in the cost of living. To the 11,800,000 beneficiaries of social security it will be a welcome improvement.

In every community in America the distribution of social security benefits is making a substantial contribution to the business economy. Social security dollars are spent to buy food, housing, utility services, and commodities of every type. These benefits constitute a substantial and steady volume of consumer spending which in turn provides

employment for the farmer, the industrial worker, and service personnel.

It is regrettable that some provisions are not included to assist senior citizens on social security in the mounting cost of medical care. This problem must be directly met in the next Congress.

It is equally regrettable that this Congress could not consider a reduction in the retirement age. Every worker induced to retirement creates a job opportunity for another worker. The addition of senior citizens to retirement either by reduction in the retirement age or by inducement provided in higher benefits could absorb the currently unemployed. The social security program could be effectively adapted to assist in bringing about the full employment condition which the Nation desires.

Mr. KEATING. Mr. Chairman, within the necessary limits of a sound economy, we must constantly attempt to make adequate and fair provision for all citizens under the social security system who have worked and contributed to our economy, to insure that in the twilight years of their lives they will have the benefit of a modest income.

It is clear, unfortunately, that benefits under the Social Security Act have not kept pace with the increased cost of living. That cost continues to rise, although its rate has been sharply reduced. One direct result has been a continual nibbling away at the real values of social security benefits.

H. R. 13549 provides one means for making available realistic increases which will bring benefits more in line with the decreased value of the dollar. Actually, the 7-percent benefit raise provided by this measure is inadequate. A 10-percent increase would be more in line with higher cost of living. Nevertheless, I support H. R. 13549 as at least a solid, reasonable step in the right direction.

It should be carefully noted that the higher benefits made possible by this legislation will be more than covered by increased social security taxes, thus perpetuating the program's sound and essential self-financing principle.

Mr. Chairman, this is one of a number of changes which should be made in the social security statute. But it is an essential one. It is important, in developing and maintaining a sane and dynamic domestic economy, that we remove from all who work and produce the ever-present and stifling fear that when their productive days are over they will become the objects of charity. That is the simple beauty of the Social Security Act. It provides a sound means for meeting directly the important problem of peace of mind for our working citizens. It provides an important incentive for perpetuating our system of free enterprise and opportunity.

To make this social security system work we must see to it that the benefits it provides keep up with the costs and needs of the beneficiaries. That is why I strongly support H. R. 13549 and hope it will gain the support of this body.

Mr. MACK of Washington. Mr. Chairman, I have seen many beneficial improvements made in the social se-

curity law since I first came to Congress 11 years ago in 1947.

When I first came to Congress 28 million Americans were under the coverage and protection of social security. Today, 73 million are under this law and entitled to its benefits.

In my time in Congress social security protection has been extended to farmers, farm labor, the self-employed and to lawyers and many types of professional people not formerly covered and protected. I have seen it extended to ministers, on a voluntary basis. Also social security protection has been extended to most employees of States, cities, counties, school districts, and other public bodies where the State and public employees desired coverage.

In its early years social security benefits were only \$10 to \$85 a month. Now a single person may draw benefits of \$30 to \$108.50 and a married couple 50 percent more than that. These benefits further will be increased by 7 percent if the bill we now are considering becomes law.

One of the most unfair provisions in the social security law of 1947 in effect when I came to Congress stated that a beneficiary would be deprived of his pension for any calendar month in which his earnings from employment exceeded \$14.99 in that month. I am among those who believe limitations on the earnings of a pensioner is wrong. When people work they produce goods and services. These goods and services add to the wealth and prosperity of the Nation. It is economically unsound in my opinion except in times of great unemployment to discourage people from working. I was among those who sought to have this \$14.99 limitation on the monthly earnings of social security beneficiaries repealed and, if not repealed, at least increased.

The first social security reform bill passed by Congress in 1948 increased this \$14.99 limitation on earnings to \$50. Several years later it was raised to \$75 and then in a later Congress to \$1,200 a year with provision that a beneficiary should be deprived of 1 month's social security for each \$80 he earned above \$1,200.

I urged the committee this year when it was considering this bill to raise this limitation on earnings to \$1,500 a year and to not deprive a person of a month of his pension until he earned \$125 above the \$1,500. The committee has left the present \$1,200 limitation on earnings at \$1,200 and the pensioner can earn \$100 above the \$1,200 instead of \$80 before he loses a month of his pension. This is not adequate, in my opinion, but is a step in the right direction.

When I came to Congress 11 years ago, disabled persons, even when totally disabled and unemployable, could not draw a cent of social security benefits until 65 years of age. This worked a great hardship on tens of thousands of disabled citizens and their families. I saw and talked with many of these disabled persons. I knew the hardship caused by this shortcoming of the law. Several years ago this provision was changed so that totally disabled persons could

start drawing benefits at age 50 instead of having to wait, often in poverty, until 65 years old. This was a great improvement and ameliorated the hardship many disabled persons previously had suffered.

These are just a few of the many improvements made in the law since I came to Congress 11 years ago. Because of these and other betterments the social-security law is much better than it was when I first came here.

All women originally, and for many years, were required to be 65 years of age before they could start drawing social security benefits. Through the years I have urged, because of what seemed to me good and sufficient reasons, that the age at which women may draw social security should be reduced to 60. It has been reduced in some cases and under certain restrictions, to 62 years of age for women. I hope the time is not far distant when women may receive their social security benefits at age 60.

Time and experience has and will continue to reveal inequalities and injustices in this, as well as in other laws, and the Congress, I am sure, will from time to time eliminate these by appropriate and desirable amendments.

This bill is not perfect. No bill ever is. It does, however, represent an improvement over existing law and, therefore, I hope it will have the unanimous approval of the House of Representatives today and that before adjournment, will be approved by the Senate and then signed into law by the President.

Mr. HARVEY. Mr. Chairman, for two reasons I support the modest general increase in social security benefits.

As we all know, those millions of Americans dependent on fixed incomes have been most adversely affected by the inflationary forces in our overall economy. The proposed monthly payment increase will help compensate for basic living costs that are uniformly higher than when last we adjusted security benefits.

Equally as important is the fact that proper provision is also being made to raise the contributory taxes and to expand for the employed the wage base upon which the taxes are levied. This will tend to keep the long-range pay-as-you-go principle intact and the financing sound in the old-age and survivors insurance fund. Together, surely these two reasons bespeak to reasonable minds the justice of liberalizing the social security program to a moderate degree.

Mr. BYRD. Mr. Chairman, I am glad to have the opportunity to support the bill before us today. The increase in benefits of approximately 7 percent provided by this bill is actually a little short of the increase in living costs that has taken place since 1954 when we last increased the benefits. The legislation, however, is a great step forward, and I wish to compliment the Committee on Ways and Means on the good work that it has done in bringing the bill before the House in time for action before adjournment. I am sorry that the committee has not thought it advisable at this time to include a provision to reduce the age of eligibility to 60 years for men and women, but I am hopeful that

a later Congress will take this step because I think it is a development that has to come.

I am glad that the bill we are discussing will improve the disability insurance program by removing certain provisions that have proved to be unnecessarily strict and that have, in many instances, been unfair. The bill provides monthly benefits for the dependents of disabled workers. The 1956 amendments to the Social Security Act provided benefits for insured workers who are no longer able to work because of an extended total disability but no provision was included for the families of such beneficiaries. We are now removing this inequity.

Another worthwhile feature of this measure lies in the fact that the offset provision of the present law is being eliminated. At the present time monthly social-security benefits payable to disabled individuals have had to be reduced by the amount of any periodic benefit payable on account of disability under other Federal programs, not including veteran's compensation, or under State workmen's compensation programs. I have long believed that such a reduction in benefits was not in keeping with the purposes of the social-security program, and I am glad that the committee has reached the same conclusion.

Mr. LESINSKI. Mr. Chairman, while the legislation under discussion does not provide for as large an increase as I believe necessary, I think it is essential to increase social security benefits so the retired folks are better able to cope with the increased cost of living. I should at this time like to review the facts which I presented to the committee during hearings earlier this session.

The present average benefit for a retired worker is about \$65 a month, for a totally disabled person over 50, it is about \$75 a month, and for an aged widow it is only about \$50 a month. These amounts are shockingly low in times like these and are insufficient to provide subsistence for most of these people. Even the maximum individual payment of \$108.50 is barely adequate in these days of ever rising prices for food, shelter and medical care.

The social security benefit structure has not kept pace with the rising cost of living and increased wages. Therefore, the relative economic position of our retired workers, dependents, and survivors is steadily deteriorating. The original act in 1935 provided for a range of monthly benefits from \$10 to \$85 to take effect in 1940. This was not considered luxurious at that time when the cost of living was only about 59.9 percent of the 1947-49 level. In the 18 years since 1940 the cost of living has gone up more than 100 percent to 122.5 but the maximum social security benefit has lagged shamefully, having increased only about 35 percent.

The last increase in social security benefits was voted in 1954. But between 1954 and 1957 disposable per capita income went up 12 percent and average weekly wages in manufacturing went up 14.6 percent. As we are all painfully

aware, the consumer price index has risen 6.7 percent from 1954 to date.

But those figures do not tell the whole story. The elements of the cost of living for an elderly retired person are quite different from those of a younger person. While the older family may spend relatively less than the average for homes and home furnishings, they spend substantially more for medical care, and medical costs have risen more rapidly than any other element in the cost of living. These costs in November 1957 were 40 percent above the 1947-49 level while the overall consumer price index rose 21.6 percent in the same period. The impact of this serious increase in medical costs can be appreciated when we realize that according to a nationwide survey, persons over 65 incur 57 percent greater medical costs than does the general population. And hospital expenses for the average person in this age group are 92 percent greater than for the population as a whole.

Several years ago a budget was worked out for an elderly couple living in Detroit, Mich. It was not an extravagant budget in any sense—for example, it allowed one-eighth of a pound of butter per person per week, 1 work shirt and 1½ other shirts per year for the husband, 1 house dress per year, 1 umbrella every 20 years and 85/100 of a handkerchief per year for his wife. Yet this modest budget in 1955 prices amounted to about \$200 per month which is just about twice what the average retired worker and his wife are now receiving from social security.

The foregoing clearly illustrates the urgent necessity for increasing social security benefits at this time.

Mr. RHODES of Pennsylvania. Mr. Chairman, I want to associate myself with the remarks of the gentleman from Rhode Island [Mr. FORAND].

He is to be commended for his foresight, vision, and his deep concern about our aged citizens and their problems. As a member of the Ways and Means Committee, his interest and efforts for an adequate social security program have been a big factor in the progress that has been made in this field.

The aged, the disabled, and our less fortunate citizens are indebted to Congressman FORAND for much of the progress that has been made in the social security program. The best evidence of this is the fact that he has become a special target of blind reactionary groups who have always opposed social security and all efforts to improve it.

Mr. Chairman, I am pleased to support H. R. 13549, the 1958 Social Security Act amendments. The action of the Ways and Means Committee in reporting this bill for consideration by the House is most commendable.

I had hoped that a 10 percent increase in benefits would be approved by the committee to help offset the rise in the cost of living since the last benefit increase in 1954. In my statement to the committee I also urged favorable consideration on a number of liberalizing amendments to the present law dealing with a reduction of the retirement age, amendments to the disability section,

an increase in the outside earnings limitation, hospital and surgical insurance benefits, elimination of the restriction on "dual disability" benefits, an increase in Federal grants for public assistance, maternal and child health services, and services for child welfare and crippled children. Mr. Chairman, I note that the committee has included a number of these amendments in the bill before us today.

O'course, the bill does not provide nearly all of the improvements which I feel are necessary to remove inequities which now exist. I feel that the \$3 minimum increase should have been at least \$10 in view of the obviously inadequate minimum monthly benefits which are now paid. We have come a long way toward the realization of the goal of social insurance as envisioned by Dr. Francis E. Townsend many years ago. Much more remains to be done to make it possible for our senior citizens to live out their lives in economic security and dignity.

Mr. Chairman, H. R. 13549 contains some meritorious proposals. The increase from \$200 to \$254 in the amount of maximum monthly family insurance benefits is an important step forward, as is the provision of benefits for dependents of persons receiving disability insurance benefits. The elimination of the disability benefits offset provision of the 1956 law is an important improvement. The liberalization of the work requirement for eligibility of persons for disability benefits is most commendable, as is the retroactivity payment provision of H. R. 13549. Other improvements in the retirement test provisions, dependents' benefits, coverage of certain State and local governmental employees, and other miscellaneous amendments added by the committee to provide more equitable treatment in a number of unusual cases are all worthy of our full support.

Mr. Chairman, the committee is also to be commended for its wisdom and courage in recommending amendments to guarantee the actuarial soundness of the OASI trust fund.

I strongly favor the liberalizing improvements provided for the various public assistance programs. The needy aged, disabled, dependent children and the blind have been most severely hit by the continuing increase in the cost of living, especially for food and other basic necessities of life. The average monthly public assistance payment to the 3,770 persons from my district on the rolls in 1957 was only \$43.01. An increase in these payments is desperately needed if we are to keep faith with these less fortunate people in our communities.

I am pleased that the committee has recognized the problems of the aged in meeting the high costs of medical care. I favor the approach to this problem provided by the gentleman from Rhode Island [Mr. FORAND] in section 106 of his bill, H. R. 9467. I regret that it was not possible to act on the legislation this session because I feel that there is ample evidence to warrant the inclusion of such a program in the Social Security Act. I trust that the study of this problem authorized in H. R. 13549 will pro-

duce the necessary impetus to obtain hospitalization, surgical, and nursing home insurance protection for recipients of old-age, survivors, and disability benefits.

Mr. Chairman, I urge the passage of H. R. 13549.

Mr. WOLVERTON. Mr. Chairman, the bill before the House today to increase social-security benefits is one with which I am in accord. It will, therefore, have my fullhearted and enthusiastic support.

I realize that the increased benefits provided for in this bill are not as great as some of us would have liked to see, but the increase of 7 percent that it does provide is at least sufficient to meet the major increase in the cost of living that has occurred since 1954, when the last adjustment was made.

Furthermore, the bill provides a means of increasing the tax revenue that is necessary to strengthen the social-security fund. This, in itself, is something most desirable. The fact remains, however, that there is need for further strengthening of the fund and it will undoubtedly receive the attention of the committee charged with the responsibility of maintaining the stability of the fund.

The bill (H. R. 13549) as presented by the committee provides increased benefits under the Federal old-age, survivors, and disability insurance system. It also improves the actuarial status of the trust funds of such systems, and otherwise improves such system. It also amends the public assistance and maternal and child health and welfare provisions of the Social Security Act. This, in the main, covers the important provisions of the bill. A mere statement of the benefits and improvements intended to be adopted is sufficient to justify the fullest support by the Congress and the approval of the President.

In addition to the increased benefits and other improvements provided in the bill, another forward step is taken that gives promise of worthwhile legislation to follow after further study. I refer to that portion of the bill that requires the Secretary of Health, Education, and Welfare to make a study and report to the House on or before February 1, 1959, with reference to a plan or program to provide hospitalization insurance for old age, survivors, and disability beneficiaries.

This is indeed gratifying to me. The number of bills that have been introduced in the 85th Congress on this subject is an indication of the great interest there is in providing a means of helping the beneficiaries under the old-age, survivors and disability insurance programs to meet the cost of hospitalization and nursing home services.

There is abundant evidence of the fact that under existing arrangements, insurance against the cost of needed hospital and nursing home services is out of reach of many, in fact of most older people. There is undoubtedly a need to make this protection available to older people. The only question that presently remains unsettled is as to type of plan or program that should be adopted to accomplish the purpose. I look for-

ward to action on this subject being taken in the near future. I hope in the next Congress.

I deeply regret that my intention not to be a candidate for reelection will prevent my being a Member of the next Congress and preclude my active participation in developing this and other worthwhile legislation in the interest of our people. I confess there has been no service in the Congress that I have been privileged to render during my 32 years of membership that I have appreciated and enjoyed so much as that which has related to providing increased hospital facilities, including convalescent and nursing homes, research program of many varieties, including the heart, mental diseases, cancer, and nervous disease, polio and many others that up to the present have seemed to defy the skill of physicians.

There is much more to be done by Federal participation in all of these worthwhile efforts that are being made to improve and increase medical knowledge and thereby promote the welfare of our people. It is most gratifying, however, to observe the increasing interest that is being taken by the Federal Government in cooperation with our State governments and private institutions in this great work in behalf of humanity. I trust that there will be no lessening of effort in all of these commendable programs.

In conclusion, may I again say that I am happy to have had a part in this important and worthwhile effort that is so necessary in promoting the welfare of our people.

Mrs. PFOST. Mr. Chairman, the amendments liberalizing the Social Security Act which are under debate here today have my wholehearted support.

I know what a difficult task the committee had to draft a bill which made the most imperative adjustments in the social security system, and still could be considered within a reasonable time limit at this late hour of the session. I commend the committee for the fine job they did.

As we all know, social security has become as synonymous with the American way of life as the 8-hour day and the 2-week annual vacation. Everyone wants the benefits made as liberal as possible—but everyone also wants the system kept on a sound, actuarial basis.

The committee has given us a bill which liberalizes primary insurance benefits, and at the same time increases the long-range soundness of the system. I feel confident that American workers and American employers will not object to the small increase of one-fourth of one percent in contributions which each will have to pay. It would have been most unwise to raid the treasury to pay higher pensions today at the expense of those who are depending on their pensions to see them through tomorrow.

I had frankly hoped that a bill providing for a 10 percent across-the-board increase in primary benefits would be reported. I also hoped a larger minimum increase would prove sound. However, I accept the committee's stand that a 7 percent increase is the maximum pos-

sible without heavier contributions. I hope that the many Idaho pensioners who have written me to plead for an increase because of skyrocketing living costs will also understand.

I want particularly to commend the committee for its recommendations that maximum family insurance benefits be increased from \$200 to \$254 a month, and for stepping up creditable annual earnings from \$4,200 to \$4,800. These are fine changes.

I am also happy with the many improvements made in the old-age and survivors and disability insurance programs—although the latter needs further refining—and I favor the adjustments made in the provisions for dependents.

If the changes in the provisions for dependents become law, a very difficult situation will be ironed out at the Nampa State School for Retarded Children. This school, which is located in my home county, loses much of its revenue because some of its disabled adult children are denied benefits upon a parent's death because that parent, through illness, had temporarily discontinued child care payments to the school. Under this bill, payments for dependents could be made without requiring proof that the child was dependent upon the parent for support.

The many other liberalizing and clarifying changes in the social security system will be most welcome not only in my State but throughout the country.

I am sure that many Members of this body will agree with me that adjustments in the public-assistance titles of the Social Security Act—commendable as these adjustments are—do not fully meet the problems of our needy aged and blind, and of our disabled and dependent children. The additional \$288 million which would be made available to all States under revised formulas for public-assistance programs is desperately needed. So are the extra payments for suppliers of medical care. But we must do more for these people—particularly for our senior citizens who need and want help. I was shocked to learn recently that a nationwide study conducted by the University of California showed that about one-half of our couples and three-fourths of our older individuals do not have enough to live on in health and decency. This is a serious indictment of the country which prides itself on being the richest and most enlightened in the world.

I hope that next session the Congress can give further and much deeper study to the increasingly serious problems of our senior citizens.

Mr. Chairman, the rise in the cost of living, the recession, and other developments have made advisable a number of changes in the social security system. The committee has very wisely staked out a program of adjustments which can be given careful consideration at this time, but in so doing had to leave many important changes unconsidered.

I plan to vote for this bill because I feel it has much merit, but I feel strongly that other changes should and must be made next session in both the OASI

and public assistance titles of the Social Security Act.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman, I want first to congratulate the Ways and Means Committee for reporting out a social-security bill during the closing days of this session of Congress. I have long been convinced that we must make some upward adjustment in the social-security benefits so they will be more in line with present living conditions. I appeared before the committee some time ago and requested at least a 10-percent increase for the social-security retirees, and was hopeful that the committee bill would recommend a 10-percent increase. However, I well recognize that we must go along with the 7-percent increase in order to get a bill. I do trust that ways will be found in the Senate and in conference to increase these benefits to at least 10 percent.

This greater increase is justified, I am convinced, by the fact that prices have risen by 8 percent since the last benefit rise went into effect in 1954, as the committee's report points out. Then, again, I submit that we are making a decision today which will set benefit standards not only for the present but possibly for many years in the future. During this time, by all the signs, the cost of living will continue to rise. The people on social security have waited 4 years trying to get along on a 1954 benefit standard while each step upward of the price index has had the effect of cutting down on their very meager budget.

Under the present bill providing an increase in benefit payments of about 7 percent, the minimum increase of a \$30-a-month retiree will be \$3 per month, or \$33. The maximum increase for those retirees now receiving \$108.50 per month will be \$9.50 a month, or a total of \$118. The maximum amount payable to a family of a retired or deceased worker will be increased from \$200 to \$254 a month. These maximum amounts are in line with the increase of wages subject to tax from \$4,200 to \$4,800 per year.

In particular, I would like to call the attention of the members of this committee to that portion of the committee report which shows that a majority of people on the social-security rolls are dependent upon these benefits for their major source of income. The House committee report cites evidence accumulated in a Department of Health, Education, and Welfare survey in December of 1957 which shows that 30 percent of married couples on the rolls had no permanent retirement income other than their social-security benefits, and that only one-fifth of the total group had other income in excess of \$1,200.

I wish to congratulate the committee for writing into the bill a provision that benefits will be paid to dependents of disabled workers on the same basis as are now paid to dependents of retired workers.

The committee has approved another amendment which is of tremendous value in that the offset provision will

be repealed providing for the payment of the full amount of social-security rights to any disabled worker. I introduced legislation early in 1957 calling for the repeal of this provision.

The committee has made another improvement which has made the social security law more realistic. This amendment repeals the so-called dual requirement section, the requirement of a work record for 20 of the last 40 quarters and 6 of the last 13 quarters. The single requirement of 20 out of the last 40 quarters will be substituted for the dual requirements.

The committee also provided that the June 30, 1958, deadline for filing disability claims will be extended to June 30, 1961.

I wish to congratulate the committee on other improvements such as the change in the earnings limitations provision. The earnings limitation, providing for the suspension of benefits for 1 month for each \$80 earned in excess of \$1,200 per year, has been changed to 1 month for each \$100 in excess of \$1,200 per year. The limitations on the payment of benefits to a disabled child over 18 years of age have been liberalized by removing the rigid requirement of support during the last year of a worker's life.

I regret that the arbitrary and discriminatory requirement of age 50 to be eligible for disability payments was not removed by the committee bill. It has always seemed obvious to me that a worker under 50, with a growing family, is equally in need and has the same rights of benefits as the older disabled worker. Moreover, as I have said repeatedly in this Chamber, I would like to see Congress look into the Social Security Administration's strict interpretation of the definition of total disability. I am hopeful that the Ways and Means Committee will find time to make its own investigation as to the administration of the act in this connection.

I particularly wish to congratulate the committee for their action in increasing the Federal share of the public assistance payments so that States can increase the amounts now being paid to needy people who must depend on the Federal-State programs of old age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled. My own State of Kentucky, for example, would receive an increase in Federal funds of around \$7,401,000 per year for all of these programs. The estimated increase per recipient would be \$4.27 a month in Kentucky. The number of people in Kentucky receiving old age assistance during the month of May 1958 was 57,492 and the average payment was \$38.64 in that month.

I feel that the committee acted wisely in adopting the need formula for these various programs. Inasmuch as Kentucky does not have the wealth possessed by some of our bordering States, such as Illinois, Indiana, Ohio, and Missouri, we can benefit immensely from the per capita income formula. These increases would be accomplished by applying the equalization formula which pays slight-

ly higher amounts, percentagewise, to low-income States for amounts of their average monthly payments which exceed \$30. The present Federal share of four-fifths of the first \$30 would be maintained.

In my considered opinion, the social security measure is one of the most important pieces of legislation which we have to consider before adjournment because it so directly concerns some 12 million retired Americans and an additional 5 million welfare recipients, who are struggling to live on a small fixed income out of all proportion to their daily needs. We cannot fail to act on their behalf if we are true to ourselves and true to the humanitarian principles which have made this country great.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to my colleague.

Mr. CHELF. Mr. Chairman, I want to congratulate the gentleman on the very fine statement he has made. I should also like to say this, that my personal observation has been that the gentleman from Kentucky [Mr. PERKINS] has always been on the floor, and has always done a magnificent job in fighting for the folks in his district, as well as for all of our elderly folks throughout the country.

Mr. PERKINS. Mr. Chairman, I thank the gentleman.

Mr. Chairman, it is with great pleasure that I support H. R. 13549, because I feel that it is the most outstanding piece of legislation that has been brought to the floor during this session.

(Mr. PERKINS asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from New Jersey [Mr. WOLVERTON].

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. WOLVERTON. Mr. Chairman, it is with deep regret that I call to the attention of the House that Marion Folsom, the distinguished Secretary of Health, Education, and Welfare relinquishes that office today.

The retirement of Marion Folsom as Secretary of Health, Education, and Welfare represents another milestone in the life of a man who has dedicated himself to improving the health and well-being of his fellowmen. Long before Mr. Folsom came to Government, he had made significant contributions in the field of social insurance. These are well-known, but not as well-known are his many productive efforts in the field of health. He was one of the founders of the Blue Shield plan in Rochester, N. Y. This was one of the first community plans for prepayment of the costs of surgery.

Mr. Folsom also was an active participant in many voluntary agencies that were concerned with hospital and health affairs in Rochester.

When he came to Washington, as Under Secretary of the Treasury, he was frequently consulted by Secretary Hobby,

the first head of the Department of Health, Education, and Welfare. He played a significant behind the scenes role in connection with various health proposals of the present administration. He, as much as anyone, was involved in the development of legislation to establish a health insurance plan for Federal employees. Unfortunately, no such legislation has been passed, and Federal employees, unlike those in other organizations, do not have the benefits of payroll deductions for or employer contributions to their health insurance plans.

When Secretary Folsom took office, 3 years ago, at the Department of Health, Education, and Welfare, he immediately plunged into a thorough study of the various programs of the Department—particularly those of the Public Health Service. As a result of exploration of medical research and education needs of the country, he took firm steps to increase the budget for medical research. He reversed a long-standing trend on the part of the executive branch by recommending a 26-percent increase in the National Institutes of Health budget during the first fiscal year in which he was responsible for the HEW budget. He has constantly worked hard to promote the expansion of medical research along sound lines, and, under his administration, great progress has been made. He leaves a solid record of achievement in efforts to find methods for prevention and treatment of many of the diseases that continue to plague mankind. The service he has rendered in behalf of his fellow man has been distinguished and highly worth while.

For all these things, we owe Secretary Folsom a profound debt, and it is most regrettable that our Nation loses his valuable service at this time. I trust that in the years to come Mr. Folsom will enjoy happiness and good health in great measure and abundant opportunity to continue his interest and service in promoting the public welfare.

I ask unanimous consent to revise and extend my remarks.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. KNOX].

(Mr. KNOX asked and was given permission to revise and extend his remarks.)

Mr. KNOX. Mr. Chairman, I commend the Committee on Ways and Means on bringing this meritorious legislation to the floor of Congress. I particularly commend the committee for recognizing the need for additional benefits to cover the increased cost of living for those who are now on the retirement rolls and for strengthening the actuarial status of the trust fund. I fully realize and I know all Members of Congress are cognizant of, that in providing increased benefits there is also the urgent need for maintaining the old-age and survivors' insurance system on an actuarially sound basis. In no other way but through a soundly financed system can we be sure that the program will endure.

I must commend the distinguished gentleman from Missouri [Mr. CURTIS], on bringing to the attention of the

Members of the House the long-forgotten people who are reaching their sunset days of life and who have not been privileged and never had the opportunity conferred on other by the Congress to be covered under the Old-Age and Survivors' Insurance Act. We have these folks. They are with us.

These people who have not been allowed to participate in the program indirectly have contributed to the social security funds through the purchase of everyday needs, which of course are produced by manufacturers who are subject to pay the social-security tax for their employees. It is necessary that the manufacturers add all costs to the final cost of his product and in this way the employers' social-security tax for his employees is taken into consideration. As time goes on the increased benefits to those eligible under the law will place a greater burden on those who are denied the rights under the OASI program.

Of course, many of such people who have been denied OASI coverage have been driven to the point of requesting that they be provided for through old-age assistance under the respective State programs. I have introduced legislation which would make it automatic for those folks who are in that age bracket to receive OASI coverage.

It is true this would cost the old-age and survivors insurance fund a significant amount of money. However, I would propose that the funds that are now being appropriated by the Congress to match the State funds under old-age assistance be diverted to the social-security fund in order to absorb the greatest portion of this cost by the coverage of those who have reached the age of 70 who have not been covered under the old-age and survivors insurance. This proposal would give retirement security to a deserving group of American citizens without subjecting them to the humiliation of demonstrating poverty and destitution.

It is my hope that in the near future the Committee on Ways and Means will be able to devise some method of bringing about coverage for these folks who are reaching their sunset days of life and have been deprived of coverage under the old-age and survivors insurance program.

One other suggestion I would have, and I have appeared before the Committee on Ways and Means to request consideration of it. That is for favorable action for those beneficiaries who have retarded children. In the 1956 act Congress amended the Social Security Act to provide that retarded children who had past age 18 would be covered under the Social Security Act, but what has taken place is that in some hardship cases people who have the misfortune of having retarded children have had their combined OASI-public assistance benefits reduced under the Social Security Act so that there was no net benefit to the family as a result of the 1956 amendments.

The States apparently have been unwilling to absorb a sufficient portion of the cost of providing for the needs of these retarded children. Therefore, I think there has been forced upon these

citizens an additional burden and responsibility in caring for their children—a burden that Congress in passing the 1956 amendments to the Social Security Act should be ameliorated. The States by reducing the public assistance payments available with respect to such handicapped children who were made eligible for continued OASI benefits by the 1956 amendments have not given to such deserving families the help that Congress intended they should have. I am pleased that the bill pending before us today will make at least a modest increase in benefits available in such cases.

I do not believe it was the intention of Congress that there would be any additional hardship put upon these families who are courageously raising handicapped children. However, it is there and it is my hope that we will be able to correct it further in the near future.

Mr. Chairman, I join in urging the House to pass this meritorious bill.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DENT].

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, I did not intend to take the time to get into the discussion on this bill because it appears it is universally acceptable. However, in the discussions that have taken place, I have particularly noticed some arguments that come up on many occasions on many pieces of legislation. One particular argument appears to be that there is something laggard about this generation—that we do not assume or that we will not assume our responsibilities—that we have no right to create an obligation and place the burden of that obligation on oncoming generations. This question poses itself to my mind: To which generation do I attribute my part of that obligation? To the generation in which I was born? To the generation in which I was married and brought forth children and created a greater obligation on the future of this country and its people? Or to the generation in which I die. Does man divide his obligations on the basis of the number of generations through which he passes? Does he have an abiding faith in oncoming generations that they too will be willing to pay for whatever burdens they find—whether they are inherited or created? Such an argument seems to me to negate and to take away from this bill the very aspect that is the very soul of this entire legislation, the word "social." The word "social" does not mean it is socialistic, as we understand socialism today. Social means common good and common understanding and the common experiences of all of us together. What does this do socially? What does this do socially in my particular State, for instance? The payments from social security at this moment amount to approximately \$600 million a year. Add to that approximately \$200 million a year of unemployment compensation payments and approximately \$175 million a year of public assistance and approximately \$1 billion a year from so-called outside of earned income—fringe benefits which all goes

into the blood stream of the economy of the Commonwealth of Pennsylvania.

Into every man's district by a rule of thumb measurement, 25,000 persons are receiving aid under the so-called benefit plan of social security. Twenty million dollars a year are pouring into the district of every man and woman in this Congress. I do not know what would happen in your district, but I know what would happen in my district if \$20 million were taken out of the daily and weekly economic life of my community. The butcher, the baker, the candlestick-maker, the Main Street merchant and the attorney all get benefits from social-security payments—if not directly, they benefit indirectly. Each and every one of us must assume our share of the cost and our share of the burden no matter when the debt is created: Is this generation going to say that the contributions we make in the form of public works and in the form of fortifications and permanent improvements in our land and its institutions are not benefits that are handed to oncoming generations? Are not these the things that oncoming and future generations must balance against the debts that we leave them? One Member said here this morning that there would be a revolt against the taxes that would be assessed against the worker because of the immense sum that it would amount to. But, I believe, speaking for myself, and I am an ordinary and common man as I know every other man to be, and speaking for myself, as I would for him, I say that most of us would rather pay 5 percent or a 10 percent tax against our earnings or our income to buy security and sustenance rather than pay the same tax to buy guns and grief. I do not believe this Nation is ready to revolt against a system which hopes to provide for them that one goal that each and every man, woman, and child has always before them, namely, security in their old age and the banishment of that fear that no matter what our economic situation may be during the healthy years of our lives, none of us can predict what the situation may be at that stage of our lives when we reach the point where none of us knows how we may be able to or whether we will be able to earn a living.

Mr. Chairman, I congratulate the committee on doing as good a job as they could under the circumstances, faced as we are with the problems that are now so overwhelming in this country of ours. I think they could have gone much further in another day under different circumstances.

I hope and pray I shall be a Member of this body in a few years to come, if the Lord spares me and my people let me come back so that I may do what little I can in helping to make this truly what it started out to be, a hedge against recession; a guaranty against depression.

Mr. Chairman, I sincerely believe that the American people have shown that they approve of the principle of social insurance and that America's social security program should not be allowed to lag but should be greatly improved.

In recent testimony before the House Ways and Means Committee, labor

spokesmen called for improvements in the unemployment compensation system, in greatly improving old-age retirement benefits, and in establishing health provisions under which hospital and surgical services would be provided for those eligible for old-age and survivors insurance benefits.

In voicing support for an increased benefit bill, I reaffirm my longstanding position of endorsing social-security laws which will provide more adequate payments for old-age benefits, total disability, temporary disability, and cost of medical aid. Present old-age and survivors insurance benefits are inadequate to meet the needs of insured aged persons and their dependents and of the survivors of deceased insured persons.

To meet the costs of hospitalization, surgical, and nursing-home costs, these older citizens are forced to apply for public assistance. Many hospitals are constantly confronted with serious financial difficulties resulting from unpaid services furnished to these individuals.

The Forand bill faces up to these problems. It would set up a new type of program designed to provide those persons who are eligible for OASI benefits with insurance protection against the cost of hospitalization, subsequent skilled nursing-home care, and surgical services.

While some organizations have asserted that the so-called voluntary approach to our health problems is operating sufficiently well, medical and hospital authorities themselves have shown the contrary to be true.

There is need to move forward in the whole area of social security legislation. This need was evident long before the current recession. The Nation has paused too long in the march toward greater security for its citizens. While great economic strides have been made in the past 20 years, there is a long distance to go before poverty, want, deprivation, and needless suffering have been alleviated, and finally eliminated from the land.

I am positive that never again will the American people return to the philosophy of the soup line and, that instead, they want improvements in social-security programs all along the line. Improvements in unemployment compensation, in old-age pensions, in hospitalization for those who have retired, and more generous public assistance are areas in which Congress should act.

The vast majority of my constituency strongly support improvements in the social-security programs specifically supporting the Forand bill introduced this session of Congress. The improved benefits would be financed by a one-half percent increase in contributions both by employers and employees.

A review of the conditions of the beneficiaries receiving retirement benefits shows conclusively that in this phase of social security there is a compelling need for upward revisions.

The following breakdown and facts give a clear picture of the situation.

SOCIAL SECURITY RETIREMENT INCOME

Half of the retired couples receiving social-security benefits had a total income of \$2,190 or more last year—\$183 a month—and half had less than that amount, a new study indicated today. One-fourth of the couples had total money income of less than \$1,500, and the highest fourth received income of more than \$3,250.

The Social Security Administration reported these and other preliminary findings from a nationwide survey of about 5,000 people, a cross section of the 11 million people now receiving old-age and survivors insurance.

Not counting OASI benefits, 19 percent of the retired couples had outside income of more than \$900; 32 percent had additional income of \$1,500 or more; and 13 percent had additional income of \$3,000 or more. This additional income included funds from employment, private pensions, dividends and annuities, public assistance, and other sources.

Figuring only the independent retirement income that could be expected to continue through future years, half the retired couples had more and half had less than \$180 for the year besides their social security benefits. Independent retirement income includes employer and union pensions, veterans payments, income from trust funds and other annuities, rents, interest, and dividends. The lowest fourth had no income in addition to social-security benefits, and the highest fourth had \$920 or more.

Widowed mothers and children getting survivors insurance benefits also were covered by the survey. Half of these family groups had more and half had less than \$2,830 income during the survey year. Outside their OASI benefits, the median income of the widowed mothers with children was \$1,300.

In the face of the foregoing statistics, the increased living costs mean greater hardships to this great number of citizens who must depend upon congressional action for any relief in their financial status.

While millions are unemployed during one of the century's greatest business slumps, inflation continues to rob the worker's pay envelope. Recording this, the Consumer Price Index edged up slightly in May to 123.6, setting a new record.

What does this mean to the average worker?

The Consumer Price Index is the Government's barometer of inflation, measuring monthly changes in the cost of living due to fluctuations in the prices of goods and services.

A figure of 123.6 means that since the base period of 1947-49 the dollar's purchasing power has dwindled to the point where the worker today pays \$1.236 for something that cost \$1 then. This continuing inflation has robbed the consumer of 3.3 cents out of each dollar he spends, as compared with just a year ago.

Ewan Clague, Commissioner of Prices of the United States Department of Labor, in a recent speech spelled out the

purpose of the index, how it was arrived at, and its limitations.

The items making up the "market basket" of the Bureau of Labor Statistics are a cross section of the goods and services purchased by their "average" family. Although this family may buy as many as 2,000 different products or services, the sample covers the entire range of family buying.

In figuring the index, field investigators price about 300 different commodities and services. Reports are gathered from 46 cities, ranging from a dozen of the largest with over a million population each to some small towns with a population as low as 2,500.

Prices reported to the Bureau of Labor Statistics are carefully verified so that retail price levels are not misrepresented. The sample includes over 80 foods, apparel of all kinds, rents, home ownership costs, reading and recreation, personal care, and so forth. Some of these items are commodities; others are services. Some are perishable; some are durable and last for years. The very comprehensiveness of the index practically insures that many of the price movements within it will counterbalance and offset each other.

Take services first. These include items of personal care, such as hair cuts and permanents; streetcar fares; recreation items such as movies; doctor's fees and hospital costs; gas and electricity rates, and so forth. These services make up nearly one-third of the index.

Let us move to foods next. These constitute roughly 30 percent of the index, somewhat less than one-third. However, they are as a group the fastest movers in the index. This is due in part to the seasonality of many food products.

The remainder of the index consists of commodities other than foods, that is, soft goods and durables. Soft goods are such items as clothing, shoes, house furnishings, household supplies, gasoline, and so forth. These have a weight of somewhat more than 20 percent of the total index, and the group as a whole ordinarily shows the influence of the spring and fall seasons in apparel prices.

The durable-goods group consists of automobiles—new and used—furniture, household appliances, TV and radios, and so forth. All of these combined make up about one-seventh of the whole index, or 14 percent. This group also has a strong seasonal element, usually toward the end of the year when the new models are introduced.

Clague explained:

The index is based on average prices in the areas that are surveyed. It is possible for a careful shopper to keep her own cost of living down by discriminating and shrewd buying. But prices are high because somebody is buying, and the Consumers Price Index is designed to show the prices as they exist.

Clague cautioned that the index is not designed to measure the complete cost of living of the wage earner. Stating, "It used to be called a cost-of-living index, but we changed its name because

it was misunderstood," he went on to say that a family's cost of living may be increased in a number of ways other than an increase in prices.

A family can decide to raise its standard of living by purchasing a home instead of renting, or by shifting from a lower priced model car to a higher one. The Consumer Price Index is not designed to measure a rise in the standard of living. Clague said:

Our objective is to measure as carefully and precisely as possible one factor in the cost of living, namely changes in prices.

One wonders what would happen to this country's economy if the 11 million citizens now receiving social-security payments were suddenly removed from the protection of this law.

You can only guess at the number of unemployed who would be added to the unemployed rolls if the better than \$9 billion of benefits paid to these 11 million citizens was withdrawn from the market places.

As one who was a young married man in the last great depression I know the heartaches and misery that loss of income can produce. I shudder to think of the catastrophe that would come about if we suddenly reverted to the "no social legislation" days.

The very persons who were and in some cases still are the severest critics of social security legislation are today dependent upon the benefits paid to the 11 million recipients of the \$9 billion annually for staying in business, especially so, the Main Street merchants.

I believe, however, that in the main, the vast majority of the American people have a deep appreciation of the value of this legislation for the welfare of the entire community.

Every Member of Congress should give very serious consideration to a real, serious, upward revamping of all of the phases of our social security laws.

I, for one, believe, this bill to be very inadequate and only a stopgap amendment. The increases are inadequate, insufficient, and unrealistic in the face of the need. The people of this Nation deserve a more considerate action from Congress and I predict that this subject will be a major issue in the next session of Congress.

In the next session I shall continue my fight for upward revisions in benefit payments, a reduction of the retirement age limit, hospitalization and medical care, and a more realistic base for allowances under the law, in every category.

I appreciate the tolerance of the House and the consideration given me by the chairman of the committee, the gentleman from Arkansas, Mr. WILBUR MILLS.

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, I have always taken the firm position that the purpose of our social-security system is to further the social, economic, and psychological well-being of our people in such a way that consideration is given to their individual capacities and their basic needs. To this end, I appeared

before the Ways and Means Committee on June 19, 1958, to urge, in particular, the following improvements in the system:

First. An increase in the amount of all monthly benefits of 10 percent to bring them in line with the increase in the cost of living which has occurred since benefit amounts were last increased in 1954.

Second. Increase the present minimum benefit from \$30 to \$50 per month to bring it more in line with the economic realities of our time.

Third. Increase the wage base for benefit and tax purposes from the present \$4,200 to \$6,000.

Fourth. Eliminate the age limit for total and permanent disability cash benefits, which now makes payment only to people who are age 50 or over.

Fifth. Remove the so-called "work clause" for persons over retirement age so that the people who must supplement their meager social-security payments with earnings will not lose benefits.

Sixth. Lower the retirement age to 60 for men and to age 55 for women, paying full benefits at those ages, thus doing away with the present practice of paying actuarially reduced benefits to wives and women workers who retire at age 62.

Mr. Chairman, I am glad to see that the committee did recognize the fact that some benefit increase should be made because of the steady rise in the cost of living. But I submit that this increase is not nearly large enough to make any real improvement in the status of the almost 12 million Americans who are now dependent upon social-security benefits.

My proposal, to make an across-the-board increase of 10 percent in benefits, will afford to the great bulk of our senior citizens the same consideration which this Congress has already given to our retired civil-service employees, and to our Federal employees. The Ways and Means Committee Report itself points out that a survey of beneficiaries made by the Department of Health, Education, and Welfare in December 1957, showed that for most beneficiaries old-age and survivors insurance benefits constitute the major source of income, and that 60 percent of the married couples on the benefit rolls had less than \$1,200 in outside income. When we consider that the average social-security benefit is now around \$65 per month—or \$780 a year—it is hard for me to understand how this Congress can quibble as to the appropriate benefit increase at the expense of our older men and women. I am firmly convinced, therefore, that the 7 percent committee figure should be increased to at least 10 percent.

I trust and hope that the committee will of its own initiative accomplish that purpose here today.

Moreover, I am also very much disappointed that the Ways and Means Committee increased the minimum benefit by only \$3 to bring it from \$30 to \$33 a month. This is a shameful increase which I feel is unfair and inequitable to those millions of people who are receiving this minimum amount. According to the annual statistics pre-

sented by the Social Security Administration for last year, 16 percent of people receiving full benefits, or about 1 in 6, are receiving this minimum benefit. It is obvious to me that a meager \$3 increase per month is hardly more than a token gesture toward helping to meet the basic needs of these people. It is shocking that in these times of high living costs and in this country of great wealth, we are telling our people they must live on benefits as little as \$33 per month. My proposal of a \$50 minimum payment seems more in line with our high cost economy.

Mr. Chairman, further, I was disappointed over the fact that the wage base, for tax and benefit purposes, was only increased from \$4,200 to \$4,800, rather than to the \$6,000 figure proposed in my bill and in the bills introduced by many other Members of this body. By raising the wage base substantially to \$6,000, we would come much closer to the original act's intention of a reasonable relation between retirement income and wages just prior to retirement. This is an important way of achieving my goal of furthering the social, economic, and psychological wellbeing of people in retirement.

Mr. Chairman, this bill takes a very tiny step in the right direction by slightly modifying the present work clause so that more earnings are allowed in certain very limited circumstances. Again I must say that this tiny liberalization is going to make little difference in the effect of a provision which is so inequitable that the only way to remedy the situation is to remove it entirely.

Finally, I must say that I am very much distressed and disappointed over the fact that the bill makes no move toward lowering the eligibility age for retirement.

Mr. Chairman, I intend to vote for this bill because it is better than nothing. But I serve notice here and now that I intend to continue my fight to make meaningful improvements in this plan which is crucial to so many Americans who look to us in Congress to strengthen and liberalize our social security system.

Mr. MILLS. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I just want to call attention to the fact that we did not include all of the many laudable provisions discussed by the gentleman from New York in the bill that we present to you today because the cost of that program would be an additional 4 or 5 percent of the payroll, so I am informed. That would mean a combined rate of taxation of either 13 or 14 percent. The committee did not believe that the House would want to go that high at this time with respect to the overall tax rate.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SANTANGELO. Would the chairman of the Ways and Means Committee advise me as to what position the committee has taken in the matter of computing salaries of service employees who receive tips?

Mr. MILLS. The gentleman from New York called this matter to the attention of the committee in his appearance before the committee. The gentleman from New York [Mr. REED], was likewise interested in the matter and had a bill on certain phases of it.

While the committee went fully into this and made a sincere effort to develop what we could consider a satisfactory way of handling tips for the purpose of taxation, we did not find a solution of the problem that was satisfactory to the committee. We suggested that this matter be further studied by the Department of Health, Education, and Welfare, and by the Social Security Administration, as well as the Treasury officials. This is evidenced by language in the report. Those officials are to report back to us at a later date as to some method of handling this problem so that these people can get credit under social security for the amount of compensation they received in the form of tips.

Mr. SANTANGELO. We can conclude, therefore, that the omission to provide for these service employees does not indicate an intention on the part of the committee to disregard them?

Mr. MILLS. No. Just the reverse is true, because in our report we mention the fact that we want a plan developed and submitted to us that will enable us to do that.

Mr. SANTANGELO. I thank the gentleman.

Mr. FINO. Mr. Chairman, in answer to the gentleman from Arkansas may I say this. I realize and appreciate the fact that in order to liberalize, humanize, and improve our social-security system we must increase the social security tax. I am sure that the American people will be most willing to pay an increase in this kind of tax because this is one tax which would establish a right to direct future benefits to the worker himself and to his family. In a sense, it is an investment which will pay off in the future at a time when earnings cease by reason of retirement. In making such increased tax payments, the workers of America become, in effect, the "stockholders" in the social-security system.

Mr. REED. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I take this time to congratulate the chairman of the Committee on Ways and Means for the very dignified, able, and effective way in which he has handled this bill on the floor of the House today. Moreover, I wish to congratulate all those who have spoken on the bill. In my opinion, this has been one of the best and most enlightening debates I have heard in Congress in many years. I congratulate all of the Members who have participated.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, the direction of the 1958 amendments to the Social Security Act is unquestionably the right direction. Because the reforms and liberalizations which the bill would make are desperately needed, and because as a practical matter these reforms and liberalizations

are the limit of the progress that can be made in this session of Congress, the bill has my support and my vote.

Indeed, some of its provisions, such as those which would affect dependents and secondary beneficiaries, have my enthusiastic endorsement. They attest to the committee's genuine concern for the welfare of some of those whose hardship may present a problem that is minor in its scope, but that is enormous for those relatively few individuals who must somehow exist despite it. Considering the pressures of time and other vital legislation that the Ways and Means Committee must handle, the small voice might well not be heard. It is good to know that it is, and I sincerely hope that the other body sees fit to retain these amendments.

The significant amount of attention which has clearly been given the disability section of the act is also commendable, in that it recognizes some of the inequities which were built into the ultraconservative program established by the 1956 amendments. Notable among the revisions in this section and one which is most gratifying to me, since it embodies an important part of my bill, H. R. 9836, is that which removes the requirement that a beneficiary be currently insured in order to qualify for disability payments. In loosening some of the overly strict requirements, the committee has taken a meaningful step forward—but it is a small step.

In all its phases, the bill is unfortunately tentative and conservative. Everywhere the committee report recognizes the statistical and human justification for liberal revision—and falls short of fully implementing its own conclusions. It points out that prices have risen 8 percent since the last benefit increase in 1954 and wages have increased 12 percent, yet it provides only a 7-percent increase in benefits. Prices certainly show no sign of taking a downward turn, nor do wages. Both will continue to rise in the period during which the 7-percent increase would be in force, and in that period social-security beneficiaries will continue to see the gap widen between their benefits and the cost of living, and between their static income and the rising, flexible incomes of their employed neighbors.

If the cost of living is to be invoked at all as justification for a benefit increase, surely reason and justice dictate that if we cannot provide an increase large enough to get a little ahead of the cost of living spiral, we should at least provide one large enough to catch up with it.

The old, the disabled, do not relate their benefit checks to the actuarial balance of the old-age and survivors insurance fund when they are trying to stretch that check to cover the basic necessities of life. They see instead the Federal concern for countless other vigorous, powerful segments of the society and they feel helpless, as they largely are. How can we expect them to accept as fair, a partial remedy, when they see a 10-percent pay raise go to Government workers, subsidies for farmers, and see our economic aid feed the poor and

hungry all over the world? The rightness of our action in these other areas is neither justification nor excuse, nor in the final analysis is our persistent obeisance to that sacred cow of our social welfare programs—the present financing system.

Since the system that we have must be made to work until a better one can be evolved—as I sincerely hope it will be—I am happy, and even relieved to know that this bill will put it in actuarial balance. But once more I am constrained to point out what surely seems to me to be needless conservatism in the bill. Again referring to the report, in its explanation of the wage base increase of \$600 the committee notes first the necessity for maintaining the wage-related character of the system. It then goes on to point out the steadily decreasing percent of workers who have had their full wages credited toward benefits. In 1950, 64 percent had their entire wages credited under the \$3,600 wage base of that year. In 1954, the figure had dropped to 56 percent under the \$4,200 base and in 1957 only 43 percent had all their wages credited.

Since the wage base is a plus cost item, a certain consistency is indicated. Not only are the benefits, or moneys paid out approached conservatively, but the opportunity to make money is also conservatively out of kilter with the fact of higher wages, taking up again only 13 percent of the total 21 percent of workers lost since 1950.

I am not nearly as concerned with upholding a tradition of relating wages to the system, as I am with the practical consideration that a higher wage base than the one presented will mean greater income to the system and thus an opportunity to raise benefits, even if slightly. I am sure that the committee has examined the implications of a higher wage base very carefully. Since I am not an actuarial expert, I would very much appreciate having the record show the amount of money which would be made available by raising the base to \$6,000—a figure which does not appear to me to be an unrealistic one.

Even more important than the amendments to title II of the act—if this is possible—are the changes that are made with respect to the public assistance titles. Here omissions stand out as clearly as the revisions that are made.

Mr. Chairman, California has a very particular interest in this section of the act. My State has 266,151 old-age assistance recipients—more than any other State. Largely an urban group, many are in my district in Los Angeles. Their problems are close to me, and I appreciate those problems. These are the people who are most needy, and California has consistently and progressively recognized that fact with average monthly payments to recipients of \$84.12, including medical payments. Advanced as I believe California to be, there are five States whose average monthly payments are greater. Yet under the formula in this bill, California stands to gain only a \$1.66 monthly increase per recipient in a field that ranges to an increase of \$11.41. Only Mississippi, with an increase of 47 cents, is lower.

Some 40 percent of old-age and survivors insurance beneficiaries in California must supplement their income with old-age-assistance payments. Their total income can be no more than the State old-age-assistance amount. In this group all of their OASI income must be deducted from their public-assistance payment, leaving for them just the \$1.66 increase allotted to California. Very objectively, this seems to be a clearly inequitable situation.

Many of us watched the fate of Senator Long's amendment to H. R. 12065 earlier in this session with a sense of frustration and despair. His proposal would have had the Federal Government continue to pay \$24 of the first \$30 paid to old-age-assistance recipients, then two-thirds of the amount up to \$45, and, finally, half of the amount up to a new ceiling of \$70. Had it been enacted, the amendment, in my opinion, would have aided the States materially, and would have afforded important incentive to them to take advantage of available Federal funds by raising their own payments.

In addition to the significantly more liberal formula, Senator Long's proposal differed from the one before us today in that it did not relate the Federal contribution to per capita income. While the committee's objective, to more nearly standardize old-age-assistance payments throughout the country, is a desirable one, I cannot concede that the imposed standardization which the bill provides is the best approach, or even really necessary. I do not believe that there is a single State which would not respond to the incentive factor which is implicit in the Long formula. The effect of this measure, on the other hand, appears almost punitive as it affects California. I submit that if the Federal contribution is based purely on the potential of States to spend money without considering the actual performance of a State, then those middle- and upper-income States which might otherwise work toward more liberal State payments would tend to be discouraged from doing so, failing the incentive of increased Federal contribution.

The new ceiling is not yet high enough at \$66, particularly when the fact that medical-care payments are included in the figure, rather than considered separately.

Omitted from this bill entirely and tragically is any reference to the manner in which the public-assistance titles are administered. A major purpose of the Humanitarian and Old-Age Rights Act, which I introduced with more than 60 colleagues in both bodies, is to establish uniform standards for fair administration of public assistance in order to assure that the dignity of each recipient will be held inviolate. It is indeed a sad commentary that Congress appears willing to accept its fiscal responsibility, but not this less tangible, but nonetheless meaningful, responsibility.

Mr. Chairman, a number of my comments have been directed toward aspects of this bill which I have felt were inadequate, or should be comprehensively studied. Surely, it cannot be denied that social-security legislation is on an order

of magnitude that deserves more than the time and attention which the Ways and Means Committee was unavoidably, but regrettably, able to give it. The only answer to the question of what to do about areas of the act which were neglected in this bill, and the only way to meet the continuing responsibility which social-security legislation presents is to establish a subcommittee of the Ways and Means Committee for the express purpose of taking jurisdiction over all the titles of the Social Security Act.

Only today I received a letter from Mr. George McLain, president of the National Institute of Social Welfare, urging that a subcommittee or special investigating committee be authorized to handle social security. Mr. McLain's letter states the problem well, and I quote it, as follows:

NATIONAL INSTITUTE OF SOCIAL WELFARE,
Washington, D. C., July 30, 1958.
MEMBER OF CONGRESS,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: Another Congress is about to adjourn. Again the aged and needy, under the public-assistance section of our Social Security Act, have been handed the crumbs.

For the 23d year the Ways and Means Committee has been too busy to assess the plight of these citizens. I'm not blaming them as individuals, for I know the tremendous burden the committee carries. But, the fact remains that for the 23d year they have been unable to move off Capitol Hill, to find out how our needy people are being treated under the public-assistance program.

They've heard governors. They've heard professional social workers. They've heard economics and statistical experts. They've heard pressure groups for and against. But, in 23 years, they've never gone into any of the 48 States and asked the old-age pensioner "What are your problems?"

Every Member of Congress must defend the committee's action (or lack of it). How do they do it? How do they answer an elderly person's plea for humane treatment? How do they explain that Congress has plenty of time with its committees and subcommittees to go into the field and look into the plight of the farmers, small business, big business, veterans, foreign aid recipients, public power projects, railroads, airlines, shipping companies—you name it. Yet, they haven't had time in 23 years to move out of Washington to hear the story of the old folks.

The ever-increasing population of elderly citizens 60 years and over, now in the 20-million bracket, deserves and demands that Congress should set up a subcommittee, a subcommittee to give thorough and continuing attention to this pressing problem. This can be done either through a subcommittee under Ways and Means; or through a special investigating committee established by Congress. There isn't a legitimate reason why a committee of this kind, so urgently needed, should not be established.

Congress is concerned with crime investigations, un-American activities investigations, racketeer investigations. Well, sir, I say it's a real crime the way our elderly and needy are being neglected. It's high time we had an investigation.

Sincerely,

GEORGE McLAIN, President.

Mr. McLain's letter points basically, I think, to the lack of attention that has been given the human problems involved. These problems are going to become more urgent, not less urgent.

It is important to note that other countries, particularly the most peaceful and

prosperous countries of Scandinavia, have found the time to adopt seemingly more workable and practical solutions. Certainly, in a democracy which must stand before the world as being interested primarily in the welfare of people as human beings, it is high time that we took strong steps to meet each and every one of the frankly acknowledged deficiencies in our present system.

I shall, if reelected to the 86th Congress, renew my efforts and press with the utmost vigor for proposed legislation to accomplish these purposes.

We made made some progress this year—small and inadequate though it is. Next year the effort must be renewed and we must hope that the voters in every walk of life will be vocal in their demands upon those seeking their support in the November elections.

Mr. MILLS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I take this occasion to again thank the members of the Committee on Ways and Means and the many technicians who worked with us many hours in the preparation of this bill. As I said earlier today, the Committee on Ways and Means proceeded with this matter in a bipartisan, non-political way. And I want to pay a special tribute to my very good friend the gentleman from New York [Mr. REED] for joining with me in the introduction of this legislation, which is a committee bill. I know that the very difficult task that fell upon me as chairman of the committee has been made much easier this year because of the very fine cooperation that I have received from the gentleman from New York and all the members of the Committee on Ways and Means.

Mr. MORANO. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. MILLS. Will the gentleman withhold that a moment?

Mr. MORANO. Yes.

Mr. MILLS. It is my purpose when we get into the House—and we are almost at that point—to ask for a vote on final passage of the bill. We are almost at the point of rising.

Mr. MORANO. I insist on my point of order, Mr. Chairman.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-three Members are present, a quorum.

Mr. MILLS. Mr. Chairman, there are no further requests for time under general debate.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means. Are there any committee amendments?

Mr. MILLS. Mr. Chairman, we have eight clerical, technical, and conforming amendments, and I ask unanimous consent that they may be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Chairman, in view of the fact that some of these amendments are lengthy, I ask unanimous consent that they may be considered as read and printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The committee amendments are as follows:

Committee amendment: Page 10, at the end of line 13, insert "or."

Committee amendment: Page 29, line 23, after "enactment" insert "if the applicant has not died prior to such date of enactment and."

Committee amendment: Page 45, line 1, strike out "subsection (d)," and insert "section 223 (a) or subsection (d) of this section," and on page 45, strike out lines 5 and 6, and insert "section 223 (a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his death or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section."

Committee amendment: Page 54, line 1, after "State," insert "or an instrumentality of two or more States."

Committee amendment: Page 82, line 11, strike out "system," and insert "system and (i) are members of such fund or system, or (ii) are not members of such fund or system but are eligible to become members thereof."

Committee amendment: Page 82, after line 22, insert:

"(F) An organization which filed a certificate under this subsection after 1955 but prior to the enactment of this subparagraph may file a request at any time before 1960 to have such certificate effective, with respect to the service of individuals who concurred in the filing of such certificate (initially or through the filing of a supplemental list) prior to enactment of this subparagraph and who concur in the filing of such new request, for the period beginning with the first day of any calendar quarter preceding the first calendar quarter for which it was effective and following the last calendar quarter of 1955. Such request shall be filed with such official and in such form and manner as may be prescribed by regulations made under this chapter. If a request is filed pursuant to this subparagraph—

"(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for any calendar quarter resulting from the filing of such request shall be the last day of the calendar month following the calendar quarter in which the request is filed; and

"(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date."

And on page 82, line 23, strike out "(F)" and insert "(G)."

Committee amendment: Page 102, lines 9 and 10, strike out "until July 1, 1959." and insert "for each of the 3 fiscal years in the period ending June 30, 1961."

Committee amendment: Page 106, after line 23, insert:

"AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

"SEC. 704. Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out '1957' and inserting in lieu thereof '1958'."

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ELLIOTT, chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes pursuant to House Resolution 653, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The committee amendments were agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 375, nays 2, not voting 53, as follows:

[Roll No. 149]

YEAS—375

Abbott	Bolton	Coudert
Abernethy	Bosch	Cramer
Adair	Bow	Cretella
Addonizio	Boykin	Cunningham,
Albert	Boyle	Iowa
Allen, Calif.	Bray	Cunningham,
Allen, Ill.	Breeding	Nebr.
Andersen,	Brooks, La.	Curtin
H. Carl	Brooks, Tex.	Curtis, Mass.
Anderson,	Broomfield	Curtis, Mo.
Mont.	Brown, Ga.	Dague
Andrews	Brown, Mo.	Davis, Ga.
Anfuso	Brown, Ohio	Dawson, Ill.
Arend	Brownson	Dawson, Utah
Ashley	Broyhill	Delaney
Ashmore	Budge	Dellay
Aspinall	Burleson	Dennison
Auchincloss	Bush	Dent
Avery	Byrd	Denton
Ayres	Byrne, Ill.	Derounian
Bailey	Byrne, Pa.	Devereux
Baker	Byrnes, Wis.	Dingell
Baldwin	Canfield	Dixon
Barrett	Cannon	Dollinger
Bass, N. H.	Carrigg	Donohue
Bates	Cederberg	Dooley
Baumhart	Celler	Dorn, N. Y.
Beamer	Chamberlain	Dorn, S. C.
Becker	Chelf	Dowdy
Beckworth	Chenoweth	Doyle
Belcher	Chiperfield	Durham
Bennett, Fla.	Church	Dwyer
Bennett, Mich.	Clark	Edmondson
Bentley	Clevenger	Elliott
Berry	Coad	Engle
Betts	Coffin	Everett
Blatnik	Collier	Evins
Blich	Colmer	Fallon
Boland	Cooley	Farbstein
Bolling	Corbett	Fascell

Fenton	Laird	Riehlman
Fino	Lane	Riley
Fisher	Lankford	Rivers
Flood	Latham	Roberts
Flynt	LeCompte	Robeson, Va.
Fogarty	Lennon	Robison, N. Y.
Forand	Libonati	Robison, Ky.
Ford	Lipscomb	Rodino
Forrester	McCormack	Rogers, Colo.
Fountain	McCulloch	Rogers, Fla.
Frazier	McDonough	Rogers, Mass.
Frelinghuysen	McFall	Rogers, Tex.
Fulton	McGovern	Rooney
Garmatz	McGregor	Roosevelt
Gary	McIntosh	Rutherford
Gathings	McMillan	Santangelo
Gavin	McVey	Saund
George	Macdonald	Saylor
Glenn	Machrowicz	Schenck
Granahan	Mack, Ill.	Schwengel
Grant	Mack, Wash.	Scott, N. C.
Gray	Madden	Scott, Pa.
Green, Oreg.	Magnuson	Scudder
Green, Pa.	Mahon	Seely-Brown
Gregory	Mailliard	Selden
Griffin	Martin	Sheehan
Griffiths	Matthews	Shelley
Gross	May	Sheppard
Gubser	Meader	Sikes
Hagen	Morrow	Siler
Hale	Metcalf	Simpson, Ill.
Haley	Miller, Calif.	Simpson, Pa.
Halleck	Miller, Md.	Sisk
Harden	Miller, Nebr.	Smith, Calif.
Hardy	Miller, N. Y.	Smith, Miss.
Harris	Mills	Smith, Va.
Harrison, Nebr.	Minshall	Spence
Harrison, Va.	Mitchell	Springer
Harvey	Montoya	Staggers
Haskell	Moore	Stauffer
Hays, Ohio	Morano	Steed
Healey	Morgan	Sullivan
Hebert	Morrison	Taber
Hemphill	Moss	Teague, Calif.
Henderson	Moulder	Teague, Tex.
Herlong	Multer	Teller
Heseltun	Mumma	Tewes
Hess	Murray	Thomas
Hiestand	Natcher	Thompson, La.
Hill	Neal	Thompson, N. J.
Hoeven	Nicholson	Thompson, Tex.
Hollfield	Nimtz	Thomson, Wyo.
Holland	Nix	Thornberry
Holmes	Norblad	Udall
Holt	Norrell	Ullman
Holtzman	O'Brien, Ill.	Vanik
Horan	O'Brien, N. Y.	Van Pelt
Hosmer	O'Hara, Ill.	Van Zandt
Huddleston	O'Hara, Minn.	Vinson
Hull	O'Konski	Vorys
Hyde	O'Neill	Vursell
Ikard	Osmer	Wainwright
Jarman	Ostertag	Walter
Jennings	Passman	Watts
Jensen	Patman	Weaver
Johansen	Patterson	Westland
Johnson	Pelly	Wharton
Jonas	Perkins	Whitener
Jones, Ala.	Pfost	Whitten
Judd	Philbin	Widnall
Karsten	Pilcher	Wier
Kearney	Pillion	Wigglesworth
Kearney	Poff	Williams, Miss.
Kearns	Polk	Williams, N. Y.
Kee	Porter	Wilson, Calif.
Kelly, N. Y.	Price	Wilson, Ind.
Keogh	Prouty	Winstead
Kilburn	Quie	Withrow
Kilday	Rabaut	Wolverton
Kilgore	Rains	Wright
King	Ray	Yates
Kirwan	Reece, Tenn.	Young
Kitchin	Reed	Younger
Kluczynski	Rees, Kans.	Zablocki
Knox	Reuss	Zelenko
Knutson	Rhodes, Ariz.	
Lafore	Rhodes, Pa.	

NAYS—2

Alger Mason
NOT VOTING—53

Alexander	Diggs	Jones, Mo.
Barden	Eberhart	Keating
Baring	Feighan	Krueger
Bass, Tenn.	Friedel	Landrum
Boggs	Gordon	Lesinski
Bonner	Gwinn	Loser
Buckley	Hays, Ark.	McCarthy
Burdick	Hillings	McIntire
Carnahan	Hoffman	Marshall
Christopher	Jackson	Michel
Davis, Tenn.	James	Morris
Dies	Jenkins	Poage

Powell
Preston
Radwan
Sadlak
St. George
Scherer

Scrivner
Shuford
Sieminski
Smith, Kans.
Talle
Taylor

Tollefson
Trimble
Tuck
Utt
Willis

So the bill was passed.

The Clerk announced the following pairs:

Mr. Eberharter with Mr. Hillings.
Mr. Buckley with Mr. James.
Mr. Marshall with Mr. Keating.
Mr. McCarthy with Mr. Scherer.
Mr. Baring with Mr. Sadlak.
Mr. Hays of Arkansas with Mr. McIntire.
Mr. Trimble with Mr. Radwan.
Mr. Lesinski with Mr. Gwinn.
Mr. Preston with Mr. Hoffman.
Mr. Landrum with Mr. Jackson.
Mr. Sieminski with Mr. Krueger.
Mr. Boggs with Mr. Taylor.
Mr. Carnahan with Mr. Smith of Kansas.
Mr. Friedel with Mr. Jenkins.
Mr. Loser with Mr. Burdick.
Mr. Willis with Mr. Michel.
Mr. Christopher with Mrs. St. George.
Mr. Diggs with Mr. Utt.
Mr. Alexander with Mr. Talle.
Mr. Bonner with Mr. Tollefson.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

SOCIAL SECURITY

(Mr. BENNETT of Michigan asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BENNETT of Michigan. Mr. Speaker, I voted for the social security bill which just passed the House. It provides a number of worthwhile improvements over existing law, as well as a modest increase in pensions. But I emphasize, Mr. Speaker, that the bill fails to rectify many of the serious inequities and injustices which exist under the present law insofar as they affect several millions of our citizens who are eligible for these benefits.

The modest increases provided by this bill will do little to alleviate the hardship and suffering of many whose pensions at this moment are hardly enough to keep body and soul together. Moreover, the bill does nothing to liberalize the disability provisions of the act which have been so strictly construed that several hundred thousand workers who are unable to carry on any gainful occupation have been deprived of these benefits. I had hoped that the committee would adopt the provisions of my bill, which had seven principal points as follows:

First. Reduce the retirement age to 62—now 65—for men and to 60—now 62—for women, paying full benefits at

these ages, thus eliminating the present reduced benefits for wives and women workers who elect to apply at age 62. An additional one-half million women and three quarters of a million men could immediately draw benefits as a result.

Second. Make widows eligible at age 50—now 62—primarily so that widowed mothers who have remained in the home to care for their children can qualify for benefits at an earlier age.

Third. Raise the minimum benefit from \$30 to \$50 to help reduce the need for supplementation of social-security benefits through the "needs test" public-assistance programs. Some 3¼ million people will be affected by this change.

Fourth. Increase present benefits on a graduated scale from around 20 percent for people with the lowest amounts to around 10 percent for those receiving the maximum benefit.

Fifth. Add a program which will provide for the costs of hospitalization, surgery, and nursing home care for the retired worker and his wife, whose total family income—including social-security benefits—is under \$2,400 a year.

Sixth. Raise the wage base for tax and benefit purposes from \$4,200 to \$6,000 per year.

Seventh. Liberalize the definition of total and permanent disability and the qualifying period in present law so more people can qualify for benefits under this program.

The adoption of the foregoing provisions would provide a more equitable and realistic solution to the problems of those whose livelihood depends upon this law.

SOCIAL SECURITY

Mr. ALGER. Mr. Speaker, I am opposed to the social-security program in this bill for a simple reason, after studying the bill and report, and listening to the debate. We are still charging the deficit of higher payout versus lower tax income to the future, our children, instead of making this program actuarially sound, "pay as you go." As the chairman of the Ways and Means Committee stated, even under this bill the program is out of balance by 0.2 of 1 percent of payroll, which will amount to billions. True this reduces the imbalance of 1954-56 of 0.57 percent, yet this latter figure is quite significant, inasmuch as the actuaries at that time said that the program was actuarially sound. It is still greatly out of balance. Not only are we paying out more than taking in under the past and this present bill, but there are \$21 billion of Federal IOU's on hand, so that the pay out now is out of the Treasury. In addition, the chairman estimated the deficit for payment of the present retirees is \$65 billion. Since this deficit accompanies the 12 million present recipients, what will the deficit be for the 75 million additional individuals now paying into the social-security program expecting later benefits? Certainly, present recipients want larger payments, but is it fiscal soundness to increase payments under this bill in view of the heavy deficit?

True, compliments can be extended the committee for making an effort to cor-

rect a bad situation, and this is a complicated and controversial matter, but the step in the right direction is too little and quite late, in view of the continued actuarial unsoundness. Unlike 2 years ago we had hearings and debate accompanying this bill although no amendments permitted.

Another legitimate criticism, it seems to me, is the compulsory tax which may never be returned as payments later. One example, is the loss of payment because of other earnings. It is fine to be humanitarian in being willing to share the risk, but it is wrong to be taxed without receiving this money in later benefits. This jeopardizes the individual's providing for the future. It is particularly faulty when compared to accepted insurance measures under private enterprise, wherein the money is returned. It is difficult to correlate the social security and private insurance programs.

I disapprove also the increased appropriation under Section V, relating to public assistance, wherein the Federal Government allocated money to programs which are State and local in character. This amount is now to exceed \$2 billion per year.

Necessarily the taxes are being increased in two ways. The base amount to be taxed is raised from \$4,200 to \$4,800, and the percentage is to be increased reaching 9 percent by 1969. A serious and little recognized danger in the future, as the taxpayer is caught between social security and income taxes, is simply that future generations may vote out the entire social security program, leaving recipients high and dry. This program is squarely in the political arena, and discontented taxpayers can weary of the heavy load. After all, we are transferring the burden to them instead of paying it proportionately now.

My chief concern is the realization that this one program as now conceived can bankrupt this Nation. Many agree that it should be on an sound basis actuarially now, long over due, at that. It is indefensible at this time to increase the pay-out, election year politics notwithstanding. Our children deserve better of us than this. We should pay our way today as we expect them to pay theirs in their day.

This is stopgap legislation, disregarding the advisory committee findings to be received later this year on which it was intended we should base legislation. The administration recognized the earlier intent of Congress to await those findings, and we should do no less. Otherwise, we will be right back next year to write more social security legislation. This does not seem like good politics to me either. The people, knowing about this advisory committee, will question this expedient legislation.

So this is not to deny the people social security legislation. Simply to put it on a sound, pay-as-we-go basis. The big question is, can our people afford the taxes necessary to establish this sound basis? Or is this robbing present Peter to pay future Paul a bankruptcy proposition. So long as I suspect this is the case I must so label it and call it to the

attention of the hard-pressed, expectant taxpayers. Is it possible this program will collapse of its own weight?

Inflation is both the cause and the result of this bill. The payments are increased because of the cost of living increases of inflation, the depreciated value of the dollar. Yet these increased payments will be passed on and be paid by the consumers in the increased cost of goods and services, and so inflation results. The ones who pay most dearly, of course, are those who are not on the social security payroll. Approximately one-third of those over 65 years of age are not, three-fifths of those over 70, and one-half of those over 75.

As I see it, this is the wrong bill, at the wrong time, and so I voted against it.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 2767. An act to amend section 161 of the Revised Statutes with respect to the authority of Federal officers and agencies to withhold information and limit the availability of records;

H. R. 9196. An act to authorize the construction of a nuclear-powered icebreaking vessel for operation by the United States Coast Guard, and for other purposes;

H. R. 11805. An act to promote the national defense by authorizing the construction of aeronautical research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research;

H. R. 12850. An act to prohibit the introduction, or manufacture for introduction, into interstate commerce of switchblade knives, and for other purposes; and

H. R. 13138. An act to amend the act of March 10, 1934, to provide for more effective integration of a fish and wildlife conservation program with Federal water-resource developments, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12948) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1959, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to Senate amendment No. 31.

The message also announced that the Senate recedes from its amendment No. 1 to the above-entitled bill.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 25) entitled "An act relating to effective dates of increases in compensation granted to wage board employees," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JOHNSTON of South Carolina, Mr. NEUBERGER, Mr. YARBOROUGH, Mr. CARLSON, and Mr. MORTON to be the conferees on the part of the Senate.

TERMINATING FEDERAL SUPERVISION OVER KLAMATH INDIAN TRIBE

Mr. ENGLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 3051) to amend the act terminating Federal supervision over the Klamath Indian Tribe by providing in the alternative for private or Federal acquisition of the part of the tribal forest that must be sold, and for other purposes, with House amendment thereto, insist on the House amendment, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HALEY, ASPINALL, UDALL, DAWSON of Utah, and WESTLAND.

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED

The SPEAKER laid before the House the following communication, which was read and referred to the Committee on Appropriations:

JULY 30, 1958.

Hon. SAM RAYBURN,
The Speaker, House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Public Works has approved the work plans transmitted to you which were referred to this committee. The work plans involved are:

State and watershed	Executive Communication No.	Committee approval
Texas:		
Alamo Arroyo.....	1151	Feb. 25, 1958
Diablo Arroyo.....	1152	Do.
North Dakota: Elm River.....	1921	July 1, 1958
Kentucky: Mud River.....	2043	Do.
New Mexico: Tramperos Creek.....	2043	Do.
Texas:		
Dry Devils River and Lowrey Draw.....	2120	July 22, 1958
Upper Lake Fork Creek.....	2120	July 16, 1958
Montana: Lower Willow Creek.....	2148	July 22, 1958
Oklahoma: Whitegrass-Waterhole Creek.....	2148	Do.
Pennsylvania: Little Schuylkill River.....	2148	Do.

Sincerely yours,

CHARLES A. BUCKLEY,
Chairman, Committee on Public Works.

REGISTRATION AND PROTECTION OF TRADEMARKS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8826) to amend the act entitled "An act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of international conventions, and for other purposes," approved July 5, 1946, with respect to proceedings in the Patent Office, with Sen-

ate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, lines 7 and 8, strike out "employees of competent legal knowledge as may be designated by the Commissioner" and insert "employees, designated by the Commissioner and whose qualifications have been approved by the Civil Service Commission as being adequate for appointment to the position of examiner in charge of interferences."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MARTIN. Mr. Speaker, reserving the right to object, will the gentleman explain this amendment?

Mr. CELLER. This is a minor amendment and provides that the employees which may be designated shall first be cleared by the Civil Service Commission.

Mr. MARTIN. Is that agreeable to our members of the committee?

Mr. CELLER. It is.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

INJURY, DISABILITY, AND DEATH RESULTING FROM WAR-RISK HAZARDS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 12140) to amend the act of December 2, 1942, and the act of August 16, 1941, relating to injury, disability, and death resulting from war-risk hazards and from employment, suffered by employees of contractors of the United States, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 19, after "by" insert "deleting the period at the end of clause (4), inserting the words 'or' in place thereof, and."

Page 2, line 21, strike out "(4)" and insert "(5)."

Page 6, line 5, strike out "(4)" and insert "(5)."

Page 6, line 7, strike out "(5)" and insert "(6)."

Page 7, line 14, strike out "(5)" and insert "(6)."

Page 7, line 24, after "section" insert "or in any work under subparagraph (5) subsection (a) of this section."

Page 8, line 10, strike out "(a)."

Page 10, line 1, after "the" insert "Federal."

Page 10, line 3, strike out "five" and insert "four."

Page 11, strike out line 23 and insert "and section 5 (b) of the act of June 30, 1953 (67 Stat. 134) are repealed."

Page 12, after line 4, insert:

"SEC. 402. The effective date of this act is June 30, 1958. Persons are entitled to the benefits of this act notwithstanding the fact that an injury, disability, or death occurred

after June 30, 1958, and before the date of enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Celler]?

Mr. MARTIN. Mr. Speaker, reserving the right to object, will the gentleman explain these amendments?

Mr. CELLER. These are minor amendments with the exception of one amendment that I think the gentleman might be interested in and which has been cleared by all Members. It is that the effective date of the act is changed to June 30, 1958, so that anyone entitled to relief could not get it if the event causing the difficulty occurred prior to June 30, 1958.

Mr. MARTIN. It is a unanimous report?

Mr. CELLER. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

COMMITTEE ON AGRICULTURE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may sit while the House is in session during general debate during the remainder of the week.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PROCEEDINGS AGAINST EDWARD YELLIN

Mr. WALTER. Mr. Speaker, by direction of the Committee on Un-American Activities, I submit a privileged report (Rept. No. 2334).

The Clerk read as follows:

PROCEEDINGS AGAINST EDWARD YELLIN

Mr. WALTER, from the Committee on Un-American Activities, submitted the following report:

CITING EDWARD YELLIN

The Committee on Un-American Activities, as created and authorized by the House of Representatives through the enactment of Public Law 601, section 121, subsection (q) (2) of the 79th Congress, and under House Resolution 5 of the 85th Congress, caused to be issued a subpoena to Edward Yellin, 150 Woodland, Fort Collins, Colo. The said subpoena directed Edward Yellin to be and appear before said Committee on Un-American Activities, or a duly authorized subcommittee thereof, of which the Honorable FRANCIS E. WALTER is chairman, on February 10, 1958, at 10 a. m. at city council chambers, City Hall, Gary, Ind., then and there to testify touching matters of inquiry committed to said committee, and not to depart without leave of said committee. The subpoena served on the said Edward Yellin is set forth in words and figures as follows:

"UNITED STATES OF AMERICA,
"CONGRESS OF THE UNITED STATES.

"To EDWARD YELLIN, 150 Woodland, Fort Collins, Colo., Greeting:

"Pursuant to lawful authority, you are hereby commanded to be and appear before

the Committee on Un-American Activities of the House of Representatives of the United States, or a duly appointed subcommittee thereof, on February 10 (Monday), 1958, at 10 o'clock, a. m., at City Council Chambers, City Hall, Gary, Ind., then and there to testify touching matters of inquiry committed to said committee, and not to depart without leave of said committee.

"Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

"To United States Marshal, to serve and return.

"Given under my hand this 21st day of January, in the year of our Lord 1958.

"FRANCIS E. WALTER,
"Chairman."

The said subpoena was duly served as appears by the return made thereon by the United States marshal, who was duly authorized to serve the said subpoena. The return of the service by the said United States marshal being endorsed thereon, is set forth in words and figures, as follows:

"SUBPENA FOR EDWARD YELLIN, BEFORE THE COMMITTEE ON UN-AMERICAN ACTIVITIES OF THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES

"I made service of the within subpoena by handing to and leaving the original of this subpoena, personally, with the within-named Edward Yellin, at 150 Woodland Street, Ft. Collins, Colo., at 3:30 o'clock, p. m., on the 23d day of January 1958.

"Dated January 24, 1958.

"TOM O. KIMBALL,
"U. S. Marshal, District of Colorado.
"By OSCAR A. CRIST,
"Deputy."

The said Edward Yellin, pursuant to the said subpoena, and in compliance therewith, appeared before a subcommittee of the Committee on Un-American Activities on February 10, 1958, to give such testimony as required under and by virtue of Public Law 601, section 121, subsection (q) (2) of the 79th Congress, and under House Resolution 5 of the 85th Congress. The said Edward Yellin, having appeared as a witness and having been asked the questions, namely:

"Mr. Yellin, where did you reside prior to September 1957?

"Will you tell the committee, please, whether or not incidents came to your attention of the colonization of the steel unions in Gary by the Communist Party at any time prior to September 1957?

"Were you a member of the Communist Party on the 23d of June 1949, which is the date of application filed in your name for employment in Gary?

"Will you tell the committee whether or not in 1957 there were present in any of the steel unions at Gary, Ind., persons who were known to you to have been colonizers of the Communist Party?

"Will you tell the committee what stand the Communist Party took in Gary in any of its units with regard to the acts of the Soviet Union in Hungary in 1956?

"Are you a member of the Communist Party now?"

Which questions were pertinent to the subject under inquiry, refused to answer said questions and, as a result of said Edward Yellin's refusal to answer the aforesaid questions, your committee was prevented from receiving testimony and information concerning a matter committed to said committee in accordance with the terms of a subpoena served upon the said Edward Yellin.

The record of the proceedings before the subcommittee on February 10, 1958, during which Edward Yellin refused to answer the aforesaid questions, pertinent to the

subject under inquiry, is set forth in fact as follows:

"MONDAY, FEBRUARY 10, 1958

"UNITED STATES

HOUSE OF REPRESENTATIVES,

SUBCOMMITTEE OF THE

COMMITTEE ON UN-AMERICAN ACTIVITIES,

Gary, Ind.

"Public hearing

"A subcommittee of the Committee on Un-American Activities met pursuant to call, at 10 a. m., in the council chamber, Municipal Building, Gary, Ind., Hon. FRANCIS E. WALTER (chairman of the committee) presiding.

"Committee members present: Representatives FRANCIS E. WALTER, of Pennsylvania, and GORDON H. SCHERER, of Ohio.

"Staff members present: Frank S. Tavenner, Jr., counsel, and Raymond T. Collins, investigator.

"The CHAIRMAN. The subcommittee will come to order.

"Let the record show that, pursuant to law and the rules of this committee, I have appointed a subcommittee for the purpose of conducting these hearings composed of Representatives WILLIAM M. TUCK, of Virginia; GORDON H. SCHERER, of Ohio; and myself as chairman.

"The order of appointment of the subcommittee will be set forth in the record at this point:

"JANUARY 21, 1958.

"To Mr. RICHARD ARENS,

"Staff Director, House Committee on Un-American Activities:

"Pursuant to the provisions of law and the rules of this committee, I hereby appoint a subcommittee of the Committee on Un-American Activities, consisting of Representatives GORDON H. SCHERER, and WILLIAM M. TUCK, associate members, and myself, FRANCIS E. WALTER, as chairman, to conduct hearings in Gary, Ind., on Monday and Tuesday, February 10th and 11th, 1958, at 10:00 a. m., on subjects under investigation by the committee and take such testimony on said days or succeeding days, as it may deem necessary.

"Please make this action a matter of committee record.

"If any member indicates his inability to serve, please notify me.

"Given under my hand this 21st day of January, 1958.

"FRANCIS E. WALTER,

"Chairman, Committee on Un-American Activities.

"The CHAIRMAN. The subject and legislative purposes of this hearing are reflected by the following extract taken from the minutes of a meeting of the committee held on January 15, 1958:

"A motion was made by Mr. SCHERER, seconded by Mr. WILLIS and unanimously carried, approving and authorizing the holding of hearings in Gary, Ind., beginning on the 10th day of February, 1958, or on such other date as the chairman of the committee may determine, and continuing from day to day, and time to time, until the hearings are completed, and the conduct of investigations deemed reasonably necessary by the staff in preparation therefor, relating to the following subjects and having the legislative purposes indicated.

"1. The extent, character, and objects of Communist infiltration and Communist Party propaganda activities in basic industry in the Gary, Ind., area, the legislative purpose being to obtain information for use by the Committee in its consideration of section 16 of H. R. 9352, relating to the proposed amendment of section 4 of the Communist Control Act, of 1954, prescribing a penalty for knowingly and willfully becoming or remaining a member of the Communist Party with knowledge of the purpose or objective thereof, and for the additional legislative

85TH CONGRESS
2D SESSION

H. R. 13549

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 1958

Read twice and referred to the Committee on Finance

AN ACT

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Social Security Amend-
4 ments of 1958".

1 TITLE I—INCREASE IN BENEFITS UNDER TITLE
2 II OF THE SOCIAL SECURITY ACT

3 INCREASE IN BENEFIT AMOUNTS

4 Primary Insurance Amount

5 SEC. 101. (a) Subsection (a) of section 215 of the
6 Social Security Act is amended to read as follows:

7 “Primary Insurance Amount

8 “(a) Subject to the conditions specified in subsections
9 (b), (c), and (d) of this section, the primary insurance
10 amount of an insured individual shall be whichever of the
11 following is the largest:

12 “(1) The amount in column IV on the line on
13 which in column III of the following table appears his
14 average monthly wage (as determined under subsection
15 (b)) ;

16 “(2) The amount in column IV on the line on
17 which in column II of the following table appears his
18 primary insurance amount (as determined under sub-
19 section (c)) ;

20 “(3) The amount in column IV on the line on
21 which in column I of the following table appears his
22 primary insurance benefit (as determined under sub-
23 section (d)) ; or

24 “(4) In the case of an individual who was entitled
25 to a disability insurance benefit for the month before the
26 month in which he became entitled to old-age insurance

1 benefits or died, the amount in column IV which is equal
2 to his disability insurance benefit.

“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

“I “(Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insur- ance amount)	V (Maximum family benefits)
“If an individual’s primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insur- ance amount (as deter- mined under subsec. (e)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount re- ferred to in the preceding para- graphs of this subsection shall be—	And the maxi- mum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self- employment income shall be—
“At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
-----	\$10. 00	-----	\$30. 00	-----	\$54	\$33	\$53. 00
“\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	104. 00
29. 26	29. 68	65. 00	65. 80	133	136	70	107. 60
29. 69	30. 36	65. 90	66. 80	137	141	71	111. 20
30. 37	30. 92	66. 90	67. 70	142	146	72	115. 20
30. 93	31. 52	67. 80	68. 70	147	151	73	119. 20
31. 53	32. 00	68. 80	69. 60	152	155	74	122. 80
32. 01	32. 60	69. 70	70. 50	156	160	75	126. 40
32. 61	33. 40	70. 60	71. 50	161	165	76	130. 40
33. 41	33. 88	71. 60	72. 40	166	169	77	134. 00
33. 89	34. 50	72. 50	73. 30	170	174	78	137. 60
34. 51	35. 20	73. 40	74. 30	175	179	79	141. 60
35. 21	35. 80	74. 40	75. 20	180	183	80	145. 20
35. 81	36. 40	75. 30	76. 10	184	188	81	148. 80
36. 41	37. 08	76. 20	77. 10	189	193	82	152. 80
37. 09	37. 60	77. 20	78. 00	194	197	83	156. 40
37. 61	38. 20	78. 10	78. 90	198	202	84	160. 00
38. 21	39. 12	79. 00	79. 90	203	207	85	164. 00
39. 13	39. 68	80. 00	80. 80	208	211	86	167. 60

1 (2) Such section 215 (b) is further amended by adding
2 at the end thereof the following paragraph:

3 “(5) The provisions of this subsection shall be appli-
4 cable only in the case of an individual with respect to whom
5 not less than six of the quarters elapsing after 1950 are
6 quarters of coverage, and—

7 “(A) who becomes entitled to benefits under sec-
8 tion 202 (a) or section 223 after the second month fol-
9 lowing the month in which the Social Security Amend-
10 ments of 1958 are enacted, or

11 “(B) who dies after such second month without
12 being entitled to benefits under such section 202 (a) or
13 section 223, or

14 “(C) who files an application for a recomputation
15 under section 215 (f) (2) (A) after such second
16 month and is (or would, but for the provisions of sec-
17 tion 215 (f) (6), be) entitled to have his primary in-
18 surance amount recomputed under such section, or

19 “(D) who dies after such second month and whose
20 survivors are (or would, but for the provisions of section
21 215 (f) (6), be) entitled to a recomputation of his
22 primary insurance amount under section 215 (f) (4).”

1 Primary Insurance Amount Under 1954 Act

2 (c) Section 215 (c) of such Act is amended to read
3 as follows:

4 “Primary Insurance Amount Under 1954 Act

5 “(c) (1) For the purposes of column II of the table
6 appearing in subsection (a) of this section, an individual’s
7 primary insurance amount shall be computed as provided in,
8 and subject to the limitations specified in, (A) this section
9 as in effect prior to the enactment of the Social Security
10 Amendments of 1958, and (B) the applicable provisions
11 of the Social Security Amendments of 1954.

12 “(2) The provisions of this subsection shall be appli-
13 cable only in the case of an individual who—

14 “(A) became entitled to benefits under section 202
15 (a) or section 223 prior to the third month following
16 the month in which the Social Security Amendments of
17 1958 were enacted, or

18 “(B) died prior to such third month.”

19 Primary Insurance Benefit Under 1939 Act

20 (d) Section 215 (d) of such Act is amended to read
21 as follows:

22 “Primary Insurance Benefit Under 1939 Act

23 “(d) (1) For the purposes of column I of the table
24 appearing in subsection (a) of this section, an individual’s
25 primary insurance benefit shall be computed as provided in

1 this title as in effect prior to the enactment of the Social
2 Security Act Amendments of 1950, except that—

3 “(A) In the computation of such benefit, such in-
4 dividual’s average monthly wage shall (in lieu of being
5 determined under section 209 (f) of such title as in
6 effect prior to the enactment of such amendments) be
7 determined as provided in subsection (b) of this section
8 (but without regard to paragraph (5) thereof), except
9 that his starting date shall be December 31, 1936.

10 “(B) For purposes of such computation, the date
11 he became entitled to old-age insurance benefits shall
12 be deemed to be the date he became entitled to pri-
13 mary insurance benefits.

14 “(C) The 1 per centum addition provided for in
15 section 209 (e) (2) of this Act as in effect prior to the
16 enactment of the Social Security Act Amendments of
17 1950 shall be applicable only with respect to calendar
18 years prior to 1951, except that any wages paid in any
19 year prior to such year any part of which was included
20 in a period of disability shall not be counted. Notwith-
21 standing the preceding sentence, the wages paid in the
22 year in which such period of disability began shall be
23 counted if the counting of such wages would result in a
24 higher primary insurance amount.

1 “(D) The provisions of subsection (e) shall be ap-
2 plicable to such computation.

3 “(2) The provisions of this subsection shall be appli-
4 cable only in the case of an individual—

5 “(A) with respect to whom at least one of the
6 quarters elapsing prior to 1951 is a quarter of coverage;

7 “(B) who meets the requirements of any of the
8 subparagraphs of paragraph (5) of subsection (b) of
9 this section; and

10 “(C) who attained age 22 after 1950 and with
11 respect to whom less than six of the quarters elapsing
12 after 1950 are quarters of coverage, or who attained
13 such age before 1951.”

14 Minimum Survivors or Dependents Benefit

15 (e) Section 202 (m) of the Social Security Act is
16 amended by striking out “\$30” wherever it occurs and
17 inserting in lieu thereof “the first figure in column IV of
18 the table in section 215 (a)”.

19 Maximum Benefits

20 (f) Subsection (a) of section 203 of the Social Secu-
21 rity Act is amended to read as follows:

22 “Maximum Benefits

23 “(a) Whenever the total of monthly benefits to which
24 individuals are entitled under sections 202 and 223 for a
25 month on the basis of the wages and self-employment income

1 of an insured individual is greater than the amount appearing
2 in column V of the table in section 215 (a) on the line
3 on which appears in column IV such insured individual's
4 primary insurance amount, such total of benefits shall be
5 reduced to such amount; except that—

6 “(1) when any of such individuals so entitled
7 would (but for the provisions of section 202 (k) (2)
8 (A)) be entitled to child's insurance benefits on the
9 basis of the wages and self-employment income of one
10 or more other insured individuals, such total of benefits
11 shall not be reduced to less than the smaller of: (A)
12 the sum of the maximum amounts of benefits payable on
13 the basis of the wages and self-employment income of
14 all such insured individuals, or (B) the last figure in
15 column V of the table appearing in section 215 (a), or

16 “(2) when any of such individuals was entitled
17 (without the application of section 202 (j) (1)) to
18 monthly benefits under section 202 or section 223 for
19 the second month following the month in which the
20 Social Security Amendments of 1958 were enacted, and
21 the primary insurance amount of the insured individual
22 on the basis of whose wages and self-employment income
23 such monthly benefits are payable is determined under
24 the provisions of section 215 (a) (2), then such total
25 benefits shall not be reduced to less than the larger of—

1 “(A) the amount determined under this sub-
2 section without regard to this paragraph, or

3 “(B) the amount determined under this sub-
4 section as in effect prior to the enactment of the
5 Social Security Amendments of 1958 or the amount
6 determined under section 102 (h) of the Social
7 Security Amendments of 1954, as the case may be,
8 plus the excess of—

9 “(i) the primary insurance amount of such
10 insured individual in column IV of the table
11 appearing in section 215 (a), over

12 “(ii) his primary insurance amount deter-
13 mined under section 215 (c), or

14 “(3) when any of such individuals is entitled
15 (without the application of section 202 (j) (1)) to
16 monthly benefits based on the wages and self-employ-
17 ment income of an insured individual with respect to
18 whom a period of disability (as defined in section 216
19 (i)) began prior to the third month following the
20 month in which the Social Security Amendments of
21 1958 were enacted and continued uninterruptedly until—

22 “(A) he became entitled to benefits under sec-
23 tion 202 or 223, or

24 “(B) he died, which ever first occurred,
25 and the primary insurance amount of such insured indi-

vidual is determined under the provisions of section 215

(a) (1) or (3) and is not less than \$68, then such total of benefits shall not be reduced to less than the smaller of—

“(C) the last figure in column V of the table appearing in section 215 (a), or

“(D) the amount in column V of such table on the same line on which, in column IV, appears his primary insurance amount, plus the excess of—

“(i) such primary insurance amount, over

“(ii) the smallest amount in column II of the table on the line on which appears such primary insurance amount.

In any case in which benefits are reduced pursuant to the preceding provisions of this subsection, such reduction shall be made after any deductions under this section and after any deductions under section 222 (b). Whenever a reduction is made under this subsection, each benefit, except the old-age or disability insurance benefit, shall be proportionately decreased.”

Effective Date

(g) The amendments made by this section shall be applicable in the case of monthly benefits under title II of the Social Security Act, for months after the second month following the month in which this Act is enacted, and in the

1 case of the lump-sum death payments under such title, with
2 respect to deaths occurring after such second month.

3 Primary Insurance Amount for Certain Disability Insurance
4 Beneficiaries

5 (h) If an individual was entitled to a disability insur-
6 ance benefit under section 223 of the Social Security Act
7 for the second month after the month in which this Act is
8 enacted and became entitled to old-age insurance benefits
9 under section 202 (a) of such Act, or died, in the third
10 month after the month in which this Act is enacted, then,
11 for purposes of paragraph (4) of section 215 (a) of the
12 Social Security Act, as amended by this Act, the amount in
13 column IV of the table appearing in such section 215 (a)
14 for such individual shall be the amount in such column on
15 the line on which in column II appears his primary insur-
16 ance amount (as determined under subsection (c) of such
17 section 215) instead of the amount in column IV equal to
18 his disability insurance benefit.

19 Saving Provision

20 (i) With respect to monthly benefits under title II of
21 the Social Security Act payable pursuant to section 202
22 (j) (1) of such Act for any month prior to the third month
23 following the month of enactment of this Act, the primary
24 insurance amount of the individual on the basis of whose
25 wages and self-employment income such monthly benefits are

1 payable shall be determined as though this Act had not been
2 enacted; such primary insurance amount shall be such indi-
3 vidual's primary insurance amount for purposes of section
4 215 of such Act for months after the second month follow-
5 ing the month in which this Act is enacted if it is larger
6 than the primary insurance amount determined under section
7 215 of the Social Security Act as amended by this Act, and
8 shall be rounded to the next higher dollar if it is not a
9 multiple of a dollar.

10 INCREASE IN EARNINGS BASE FROM \$4,200 TO \$4,800

11 Definition of Wages

12 SEC. 102. (a) (1) Paragraph (2) of section 209 (a)
13 of the Social Security Act is amended to read as follows:

14 “(2) That part of remuneration which, after re-
15 muneration (other than remuneration referred to in the
16 succeeding subsections of this section) equal to \$4,200
17 with respect to employment has been paid to an in-
18 dividual during any calendar year after 1954 and prior
19 to 1959, is paid to such individual during such calendar
20 year;”.

21 (2) Section 209 (a) of such Act is further amended by
22 adding at the end thereof the following new paragraph:

23 “(3) That part of remuneration which, after re-
24 muneration (other than remuneration referred to in the
25 succeeding subsections of this section) equal to \$4,800

1 with respect to employment has been paid to an in-
2 dividual during any calendar year after 1958, is paid
3 to such individual during such calendar year;”.

4 Definition of Self-Employment Income

5 (b) Paragraph (1) of section 211 (b) of the Social
6 Security Act is amended to read as follows:

7 “(1) That part of the net earnings from self-
8 employment which is in excess of—

9 “(A) For any taxable year ending prior to
10 1955, (i) \$3,600, minus (ii) the amount of the
11 wages paid to such individual during the taxable
12 year; and

13 “(B) For any taxable year ending after 1954
14 and prior to 1959, (i) \$4,200, minus (ii) the
15 amount of the wages paid to such individual during
16 the taxable year; and

17 “(C) For any taxable year ending after 1958,
18 (i) \$4,800, minus (ii) the amount of the wages
19 paid to such individual during the taxable year; or”.

20 Definitions of Quarter and Quarter of Coverage

21 (c) Clauses (ii) and (iii) of section 213 (a) (2)
22 (B) of the Social Security Act are amended to read as
23 follows:

24 “(ii) if the wages paid to any individual in any
25 calendar year equal \$3,600 in the case of a calendar

1 year after 1950 and before 1955, or \$4,200 in the
2 case of a calendar year after 1954 and before 1959,
3 or \$4,800 in the case of a calendar year after 1958,
4 each quarter of such year shall (subject to clause
5 (i)) be a quarter of coverage;

6 “(iii) if an individual has self-employment in-
7 come for a taxable year, and if the sum of such
8 income and the wages paid to him during such year
9 equals \$3,600 in the case of a taxable year begin-
10 ning after 1950 and ending before 1955, or \$4,200
11 in the case of a taxable year ending after 1954
12 and before 1959, or \$4,800 in the case of a taxable
13 year ending after 1958, each quarter any part of
14 which falls in such year shall (subject to clause
15 (i)) be a quarter of coverage;”.

16 Average Monthly Wage

17 (d) (1) Paragraph (1) of section 215 (e) of such
18 Act is amended to read as follows:

19 “(1) in computing an individual’s average monthly
20 wage there shall not be counted the excess over \$3,600 in
21 the case of any calendar year after 1950 and before 1955,
22 the excess over \$4,200 in the case of any calendar year
23 after 1954 and before 1959, and the excess over \$4,800
24 in the case of any calendar year after 1958, of (A) the
25 wages paid to him in such year, plus (B) the self-em-

1 ployment income credited to such year (as determined
2 under section 212) ;”.

3 (2) Section 215 (e) of such Act is further amended by
4 striking out “(d) (4)” each place it appears and inserting
5 in lieu thereof “(d)”.

6 TITLE II—AMENDMENTS RELATING TO DIS-
7 ABILITY FREEZE AND DISABILITY INSUR-
8 ANCE BENEFITS

9 APPLICATION FOR DISABILITY DETERMINATION

10 SEC. 201. Section 216 (i) (2) of the Social Security
11 Act is amended—

12 (1) by striking out “while under a disability,” in
13 the second sentence and inserting in lieu thereof “while
14 under such disability,”; and

15 (2) by striking out “one-year” in clause (ii) of
16 subparagraph (A) and inserting in lieu thereof “eight-
17 een-month”.

18 RETROACTIVE PAYMENT OF DISABILITY INSURANCE
19 BENEFITS

20 SEC. 202. (a) Section 223 (b) of such Act is amended
21 by adding at the end thereof the following new sentence:
22 “An individual who would have been entitled to a disability
23 insurance benefit for any month after June 1957 had he
24 filed application therefor prior to the end of such month

1 shall be entitled to such benefit for such month if he files
2 application therefor prior to the end of the twelfth month
3 immediately succeeding such month.”

4 (b) The first sentence of section 223 (c) (3) of such
5 Act (defining the term “waiting period” for purposes of
6 applications for disability insurance benefits) is amended to
7 read as follows:

8 “(3) The term ‘waiting period’ means, in the case
9 of any application for disability insurance benefits, the
10 earliest period of six consecutive calendar months—

11 “(A) throughout which the individual who
12 files such application has been under a disability
13 which continues without interruption until such
14 application is filed, and

15 “(B) (i) which begins not earlier than with
16 the first day of the eighteenth month before the
17 month in which such application is filed if such in-
18 dividual is insured for disability insurance benefits
19 in such eighteenth month, or (ii) if he is not so
20 insured in such month, which begins not earlier
21 than with the first day of the first month after such
22 eighteenth month in which he is so insured.”

1 RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY
2 DETERMINATION

3 SEC. 203. Paragraph (4) of section 216 (i) of such
4 Act is amended by striking out "July 1957" and inserting
5 in lieu thereof "July 1960", by striking out "July 1958"
6 and inserting in lieu thereof "July 1961", and by striking
7 out ", if such individual does not die prior to July 1, 1955,".

8 INSURED STATUS REQUIREMENTS

9 Disability Freeze

10 SEC. 204. (a) Paragraph (3) of section 216 (i) of
11 such Act is amended to read as follows:

12 "(3) The requirements referred to in clauses (A) and
13 (B) of paragraphs (2) and (4) are satisfied by an individual
14 with respect to any quarter only if—

15 "(A) he would have been a fully insured in-
16 dividual (as defined in section 214) had he attained
17 retirement age and filed application for benefits under
18 section 202 (a) on the first day of such quarter; and

19 "(B) he had not less than twenty quarters of
20 coverage during the forty-quarter period which ends
21 with such quarter, not counting as part of such forty-
22 quarter period any quarter any part of which was in-
23 cluded in a prior period of disability unless such quarter
24 was a quarter of coverage."

Disability Insurance Benefits

(b) Section 223 (c) (1) (A) of such Act is amended by striking out "fully and currently insured" and inserting in lieu thereof "fully insured".

BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE

BENEFICIARIES

Payments from Disability Insurance Trust Fund

SEC. 205. (a) The first sentence of section 201 (h) of such Act is amended by inserting ", and benefit payments required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits," after "section 223".

Wife's Insurance Benefits

(b) (1) Subsection (b) of section 202 of such Act is amended by inserting "or disability" after "old-age" wherever it appears therein.

(2) So much of paragraph (1) of such subsection as follows the colon is amended by striking out "or" the first time it appears and inserting immediately before the period at the end of such paragraph " , or her husband ceases, prior to the month in which he attains retirement age, to be entitled to disability insurance benefits".

1 Husband's Insurance Benefits

2 (c) (1) Subparagraph (C) of subsection (c) (1) of
3 such section 202 is amended to read as follows:

4 “(C) was receiving at least one-half of his support,
5 as determined in accordance with regulations prescribed
6 by the Secretary, from such individual—

7 “(i) if she had a period of disability which did
8 not end prior to the month in which she became
9 entitled to old-age or disability insurance benefits,
10 at the beginning of such period or at the time she
11 became entitled to such benefits, or

12 “(ii) if she did not have such a period of disa-
13 bility, at the time she became entitled to such bene-
14 fits,

15 and filed proof of such support within two years after the
16 month in which she filed application with respect to such
17 period of disability or after the month in which she
18 became entitled to such benefits, as the case may be, or,
19 if she did not have such a period, two years after the
20 month in which she became entitled to such benefits,
21 and”

22 (2) The remainder of such subsection (c) (1) is
23 amended by inserting “or disability” after “old-age” wher-
24 ever it appears therein.

25 (3) So much of such subsection (c) (1) as follows

1 the colon is further amended by striking out “or” the first
 2 time it appears and inserting immediately before the period
 3 at the end thereof “, or his wife ceases, prior to the month
 4 in which she becomes entitled to old-age insurance benefits,
 5 to be entitled to disability insurance benefits”.

6 Child's Insurance Benefits

7 (d) Section 202 (d) (1) of such Act is amended to
 8 read as follows:

9 “(d) (1) Every child (as defined in section 216 (e)),
 10 of an individual entitled to old-age or disability insurance
 11 benefits, or of an individual who dies a fully or currently in-
 12 sured individual after 1939, if such child—

13 “(A) has filed application for child's insurance
 14 benefits,

15 “(B) at the time such application was filed was
 16 unmarried and either (i) had not attained the age of
 17 eighteen or (ii) was under a disability (as defined in
 18 section 223 (c)) which began before he attained the
 19 age of eighteen, and

20 “(C) was dependent upon such individual—

21 “(i) if such individual had a period of dis-
 22 ability which did not end prior to the month in
 23 which he became entitled to old-age or disability
 24 insurance benefits or (if he has died) prior to the
 25 month in which he died, at the beginning of such

1 period or at the time he became entitled to such
2 benefits or died,

3 “(ii) if such individual did not have such a
4 period and is living, at the time such application
5 was filed, or

6 “(iii) if such individual did not have such a
7 period and has died, at the time of such death,

8 shall be entitled to a child's insurance benefit for each month,
9 beginning with the first month after August 1950 in which
10 such child becomes so entitled to such insurance benefits and
11 ending with the month preceding the first month in which
12 any of the following occurs: such child dies, marries, is
13 adopted (except for adoption by a stepparent, grandparent,
14 aunt, or uncle subsequent to the death of such fully or cur-
15 rently insured individual), attains the age of eighteen and
16 is not under a disability (as defined in section 223 (c))
17 which began before he attained such age, or ceases to be
18 under a disability (as so defined) on or after the day on
19 which he attains age eighteen. Entitlement of any child
20 to benefits under this subsection on the basis of the wages and
21 self-employment income of an individual entitled to disability
22 insurance benefits shall also end with the month before the
23 month in which such individual ceases to be entitled to such
24 benefits unless such individual is, for the month in which he

1 ceases to be so entitled, entitled to old-age insurance benefits
2 or unless he dies in such month.”

3 Widower's Insurance Benefits

4 (e) Subparagraph (D) of section 202 (f) (1) of such
5 Act is amended to read as follows:

6 “(D) (i) was receiving at least one-half of his sup-
7 port, as determined in accordance with regulations pre-
8 scribed by the Secretary, from such individual at the
9 time of her death or, if such individual had a period of
10 disability which did not end prior to the month in which
11 she died, at the time such period began or at the time
12 of her death, and filed proof of such support within
13 two years after the date of such death, or, if she had
14 such a period of disability, within two years after the
15 month in which she filed application with respect to
16 such period of disability or two years after the date of
17 such death, as the case may be, or (ii) was receiving at
18 least one-half of his support, as determined in accordance
19 with regulations prescribed by the Secretary, from such
20 individual, and she was a currently insured individual,
21 at the time she became entitled to old-age or disability
22 insurance benefits or, if such individual had a period
23 of disability which did not end prior to the month in
24 which she became so entitled, at the time such period

1 began or at the time she became entitled to such
2 benefits, and filed proof of such support within two
3 years after the month in which she became entitled to
4 such benefits, or, if she had such a period of disability,
5 within two years after the month in which she filed
6 application with respect to such period of disability or
7 two years after the month in which she became entitled
8 to such benefits, as the case may be, and”.

9 Mother's Insurance Benefits

10 (f) Section 202 (g) (1) (F) of such Act is amended
11 by inserting “or, if such individual had a period of disability
12 which did not end prior to the month in which he died, at
13 the time such period began or at the time of such death”
14 after “death”.

15 Parent's Insurance Benefits

16 (g) Subparagraph (B) of section 202 (h) (1) of
17 such Act is amended to read as follows:

18 “(B) (i) was receiving at least one-half of his
19 support from such individual at the time of such indi-
20 vidual's death or, if such individual had a period of
21 disability which did not end prior to the month in
22 which he died, at the time such period began or at the
23 time of such death, and (ii) filed proof of such support
24 within two years after the date of such death, or, if such
25 individual had such a period of disability, within two

1 years after the month in which such individual filed ap-
2 plication with respect to such period of disability or
3 two years after the date of such death, as the case may
4 be,”.

5 Simultaneous Entitlement to Benefits

6 (h) Section 202 (k) of such Act is amended by in-
7 serting “or disability” after “old-age” each time it appears
8 therein.

9 Adjustment of Benefits of Female Beneficiaries

10 (i) (1) Subparagraph (B) of paragraph (5) of sec-
11 tion 202 (q) of such Act is amended to read as follows:

12 “(B) the number equal to the number of months
13 for which the wife’s insurance benefit was reduced under
14 such paragraph (2), but for which such benefit was
15 subject to deductions under paragraph (1) or (2) of
16 section 203 (b), under section 203 (c), or under
17 section 222 (b),”.

18 (2) Such paragraph is further amended by striking out
19 the period at the end of subparagraph (C) and inserting in
20 lieu thereof “, and”, by striking out “(A), (B), and (C)”
21 in the material following subparagraph (C) and inserting
22 in lieu thereof “(A), (B), (C), and (D)”, and by adding
23 after subparagraph (C) the following new subparagraph:

24 “(D) the number equal to the number of months
25 for which such wife’s insurance benefit was reduced un-

1 der such paragraph (2), but in or after which her en-
2 titlement to wife's insurance benefits was terminated be-
3 cause her husband ceases to be under a disability, not
4 including in such number of months any month after
5 such termination in which she was entitled to wife's
6 insurance benefits.”.

7 (3) Subparagraph (A) of paragraph (6) of such sec-
8 tion 202 (q) is amended to read as follows:

9 “(A) the number equal to the number of months
10 for which such benefit was reduced under such para-
11 graph, but for which such benefit was subject to deduc-
12 tions under paragraph (1) or (2) of section 203 (b),
13 under section 203 (c), or under section 222 (b), and”.

14 (4) Such paragraph is further amended by striking out
15 the period at the end of subparagraph (C) and inserting in
16 lieu thereof “, and”, by striking out “(A), (B), and (C)”
17 in the material following subparagraph (C) and inserting
18 in lieu thereof “(A), (B), (C), and (D)”, and by adding
19 after subparagraph (C) the following new subparagraph:

20 “(D) the number equal to the number of months
21 for which such wife's insurance benefit was reduced
22 under such paragraph, but in or after which her entitle-
23 ment to wife's insurance benefits was terminated because
24 her husband ceased to be under a disability, not includ-

ing in such number of months any month after such termination in which she was entitled to wife's insurance benefits."

Deduction Provision

(j) Section 203 (c) of such Act is amended by inserting "based on the wages and self-employment income of an individual entitled to old-age insurance benefits" after "child's insurance benefit" the first time it appears therein.

Circumstances Under Which Deductions Not Required

(k) Section 203 (h) of such Act is amended to read as follows:

"Circumstances Under Which Deductions Not Required

"(h) In the case of any individual, deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled only to the extent that such deductions reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

Currently Insured Individual

(l) Section 214 (b) of such Act is amended by inserting "or disability" immediately after "old-age".

Rounding of Benefits

2 (m) Section 215 (g) of such Act is amended by strik-
3 ing out “sections 203 (a) and 224” and inserting in lieu
4 thereof “section 203 (a)”.

5 Deductions on Account of Refusal To Accept Rehabilitation
6 Services

(n) Section 222 (b) of such Act is amended by inserting after paragraph (2) (added by section 307 (g) of this Act) the following new paragraph:

10 “(3) Deductions shall be made from any wife’s, hus-
11 band’s, or child’s insurance benefit based on the wages and
12 self-employment income of an individual entitled to disability
13 insurance benefits to which a wife, husband, or child is
14 entitled until the total of such deductions equal such wife’s,
15 husband’s, or child’s insurance benefit or benefits under sec-
16 tion 202 for any month in which the individual, on the basis
17 of whose wages and self-employment income such benefit
18 was payable, refuses to accept rehabilitation services and
19 deductions, on account of such refusal, are imposed under
20 paragraph (1).”

21 Suspension of Benefits Based on Disability

(o) Section 225 of such Act is amended by adding at the end thereof the following new sentence: "Whenever the benefits of an individual entitled to a disability insurance benefit are suspended for any month, the benefits of any

1 individual entitled thereto under subsection (b), (c), or (d)
2 of section 202 on the basis of the wages and self-employment
3 income of such individual, shall be suspended for such
4 month.”

5 REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

6 SEC. 206. Section 224 of such Act is hereby repealed.

7 EFFECTIVE DATES

8 SEC. 207. (a) The amendments made by section 201
9 shall apply with respect to applications for a disability deter-
10 mination under section 216 (i) of the Social Security Act
11 filed after June 1961. The amendments made by section
12 202 shall apply with respect to applications for disability
13 insurance benefits under section 223 of such Act filed after
14 December 1957. The amendments made by section 203
15 shall apply with respect to applications for a disability deter-
16 mination under such section 216 (i) filed after June 1958.
17 The amendments made by section 204 shall apply with
18 respect to (1) applications for disability insurance benefits
19 under such section 223 or for a disability determination under
20 such section 216 (i) filed on or after the date of enactment
21 of this Act, and (2) applications for such benefits or for
22 such a determination filed after 1957 and prior to such date of
23 enactment if the applicant has not died prior to such date of
24 enactment and if notice to the applicant of the Secretary's
25 decision with respect thereto has not been given to him on or

1 prior to such date, except that (A) no benefits under title II
2 of the Social Security Act for the month in which this Act is
3 enacted or any prior month shall be payable or increased by
4 reason of the amendments made by section 204 of this Act,
5 and (B) the provisions of section 215 (f) (1) of the Social
6 Security Act shall not prevent recomputation of monthly
7 benefits under section 202 of such Act (but no such recompu-
8 tation shall be regarded as a recomputation for purposes of
9 section 215 (f) of such Act). The amendments made by
10 section 205 (other than by subsection (k)) shall apply with
11 respect to monthly benefits under title II of the Social
12 Security Act for months after the month in which this Act
13 is enacted, but only if an application for such benefits is filed
14 on or after the date of enactment of this Act. The amend-
15 ments made by section 206 and by subsection (k) of section
16 205 shall apply with respect to monthly benefits under title
17 II of the Social Security Act for the month in which this
18 Act is enacted and succeeding months.

19 (b) In the case of any husband, widower, or parent
20 who would not be entitled to benefits under section 202 (c),
21 section 202 (f), and section 202 (h), respectively, of the
22 Social Security Act except for the enactment of section 205
23 of this Act, the requirement in such section 202 (c), sec-

tion 202 (f), or section 202 (h), as the case may be, that proof of support be filed within a two-year period shall not apply if such proof is filed within two years after the month in which this Act is enacted.

TITLE III—PROVISIONS RELATING TO ELIGIBILITY OF CLAIMANTS FOR SOCIAL SECURITY BENEFITS, AND MISCELLANEOUS PROVISIONS

ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS BENEFITS

Husband's Insurance Benefits

SEC. 301. (a) (1) Section 202 (c) of the Social Security Act is amended by redesignating paragraph (2) as paragraph (3) and adding after paragraph (1) the following new paragraph:

“(2) The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph, shall not be applicable in the case of any husband who—

“(A) in the month prior to the month of his marriage to such individual was entitled to, or on application

1 therefor and attainment of retirement age in such prior
2 month would have been entitled to, benefits under sub-
3 section (f) or (h) ; or

4 “(B) in the month prior to the month of his mar-
5 riage to such individual had attained age eighteen and
6 was entitled to, or on application therefor would have
7 been entitled to, benefits under subsection (d).”

8 (2) Section 216 (f) of such Act is amended to read as
9 follows:

10 “(f) The term ‘husband’ means the husband of an
11 individual, but only if (1) he is the father of her son or
12 daughter, (2) he was married to her for a period of not
13 less than three years immediately preceding the day on
14 which his application is filed, or (3) in the month prior to
15 the month of his marriage to her (A) he was entitled to,
16 or on application therefor and attainment of retirement age
17 in such prior month would have been entitled to, benefits
18 under subsection (f) or (h) of section 202, or (B) he had
19 attained age eighteen and was entitled to, or on application
20 therefor would have been entitled to, benefits under subsec-
21 tion (d) of such section.”

22 Widow’s Insurance Benefits

23 (b) (1) Subparagraph (B) of section 202 (e) (3)
24 of such Act is amended by striking out “but she is not
25 his widow (as defined in section 216 (c))” and inserting

1 in lieu thereof “which occurs within one year after such
2 marriage and he did not die a fully insured individual”.

3 (2) Section 216 (c) of such Act is amended to read as
4 follows:

5 “(c) The term ‘widow’ (except when used in section
6 202 (i)) means the surviving wife of an individual, but
7 only if (1) she is the mother of his son or daughter, (2)
8 she legally adopted his son or daughter while she was married
9 to him and while such son or daughter was under the age
10 of eighteen, (3) he legally adopted her son or daughter
11 while she was married to him and while such son or daughter
12 was under the age of eighteen, (4) she was married to him
13 at the time both of them legally adopted a child under the
14 age of eighteen, (5) she was married to him for a period of
15 not less than one year immediately prior to the day on
16 which he died, or (6) in the month prior to the month of
17 her marriage to him (A) she was entitled to, or on applica-
18 tion therefor and attainment of retirement age in such prior
19 month would have been entitled to, benefits under subsection
20 (e) or (h) of section 202, or (B) she had attained age
21 eighteen and was entitled to, or on application therefor
22 would have been entitled to, benefits under subsection (d)
23 of such section.”

1 Widower's Insurance Benefits

2 (c) (1) Section 202 (f) of such Act is amended by
3 redesignating paragraph (2) as paragraph (3) and by
4 adding after paragraph (1) the following new paragraph:

5 “(2) The requirement in paragraph (1) that the
6 deceased fully insured individual also be a currently insured
7 individual, and the provisions of subparagraph (D) of such
8 paragraph, shall not be applicable in the case of any indi-
9 vidual who—

10 “(A) in the month prior to the month of his
11 marriage to such individual was entitled to, or on ap-
12 plication therefor and attainment of retirement age in
13 such prior month would have been entitled to, benefits
14 under this subsection or subsection (h) ; or

15 “(B) in the month prior to the month of his mar-
16 riage to such individual had attained age eighteen and
17 was entitled to, or on application therefor would have
18 been entitled to, benefits under subsection (d).”

19 (2) Section 216 (g) of such Act is amended to read
20 as follows:

21 “(g) The term ‘widower’ (except when used in section
22 202 (i)) means the surviving husband of an individual,
23 but only if (1) he is the father of her son or daughter, (2)
24 he legally adopted her son or daughter while he was married
25 to her and while such son or daughter was under the age

1 of eighteen, (3) she legally adopted his son or daughter
2 while he was married to her and while such son or daughter
3 was under the age of eighteen, (4) he was married to her
4 at the time both of them legally adopted a child under the
5 age of eighteen, (5) he was married to her for a period of
6 not less than one year immediately prior to the day on which
7 she died, or (6) in the month before the month of his
8 marriage to her (A) he was entitled to, or on application
9 therefor and attainment of retirement age in such prior
10 month would have been entitled to, benefits under subsec-
11 tion (f) or (h) of section 202, or (B) he had attained age
12 eighteen and was entitled to, or on application therefor
13 would have been entitled to, benefits under subsection (d)
14 of such section.”

15 Definition of Wife

16 (d) Section 216 (b) of such Act is amended by striking
17 out “or” at the end of the clause (1), and by inserting before
18 the period at the end thereof: “, or (3) in the month prior
19 to the month of her marriage to him (A) was entitled to,
20 or on application therefor and attainment of retirement age
21 in such prior month would have been entitled to, benefits
22 under subsection (e) or (h) of section 202, or (B) had
23 attained age eighteen and was entitled to, or on application
24 therefor would have been entitled to, benefits under subsection
25 (d) of such section”.

1 Definition of Former Wife Divorced

2 (e) Section 216 (d) of such Act is amended to read
3 as follows:

4 “(d) The term ‘former wife divorced’ means a woman
5 divorced from an individual, but only if (1) she is the mother
6 of his son or daughter, (2) she legally adopted his son or
7 daughter while she was married to him and while such son
8 or daughter was under the age of eighteen, (3) he legally
9 adopted her son or daughter while she was married to him
10 and while such son or daughter was under the age of eighteen,
11 or (4) she was married to him at the time both of them
12 legally adopted a child under the age of eighteen.”

13 Effective Date

14 (f) The amendments made by this section shall apply
15 with respect to monthly benefits under section 202 of the
16 Social Security Act for months beginning after the date of
17 enactment of this Act, but only if an application for such
18 benefits is filed on or after such date.

19 ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS
20 BENEFITS

21 Definition of Child

22 SEC. 302. (a) Section 216 (e) of such Act is amended
23 to read as follows:

24 “(e) The term ‘child’ means (1) the child or legally
25 adopted child of an individual, and (2) in the case of a

1 living individual, a stepchild who has been such stepchild
2 for not less than three years immediately preceding the
3 day on which application for child's benefits is filed, and
4 (3) in the case of a deceased individual, a stepchild who
5 has been such stepchild for not less than one year immedi-
6 ately preceding the day on which such individual died. For
7 purposes of clause (1), a person shall be deemed, as of
8 the date of death of an individual, to be the legally adopted
9 child of such individual if such person was at the time of
10 such individual's death living in such individual's household
11 and was legally adopted by such individual's surviving spouse
12 after such individual's death but before the end of two
13 years after the day on which such individual died; except
14 that this sentence shall not apply if at the time of such
15 individual's death such person was receiving regular con-
16 tributions toward his support from someone other than such
17 individual or his spouse, or from any public or private wel-
18 fare organization which furnishes services or assistance for
19 children."

20 Effective Date

21 (b) The amendment made by this section shall apply
22 with respect to monthly benefits under section 202 of the
23 Social Security Act for months beginning after the date of
24 enactment of this Act, but only if an application for such
25 benefits is filed on or after such date.

1 ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S
2 INSURANCE BENEFITS

3 SEC. 303. Section 202 (g) of the Social Security Act is
4 amended by adding at the end thereof the following new
5 paragraph:

6 “(3) In the case of any widow or former wife divorced
7 of an individual—

8 “(A) who marries another individual, and

9 “(B) whose marriage to the individual referred to
10 in subparagraph (A) is terminated by his death but she
11 is not his widow as defined in section 216 (c),
12 the marriage to the individual referred to in clause (A)
13 shall, for the purpose of paragraph (1), be deemed not to
14 have occurred. No benefits shall be payable under this sub-
15 section by reason of the preceding sentence for any month
16 prior to whichever of the following is the latest: (i) the
17 month in which the death referred to in subparagraph (B)
18 of the preceding sentence occurs, (ii) the twelfth month
19 before the month in which such widow or former wife
20 divorced files application for purposes of this paragraph,
21 or (iii) the month following the month in which this para-
22 graph is enacted.”

1 ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

2 Provisions Relating to Eligibility

3 SEC. 304. (a) (1) So much of section 202 (h) (1) of
4 the Social Security Act as precedes subparagraph (A) is
5 amended to read as follows:

6 “(1) Every parent (as defined in this subsection) of an
7 individual who died a fully insured individual after 1939,
8 if such parent—”.

9 (2) The amendment made by this subsection shall apply
10 with respect to monthly benefits under section 202 of the
11 Social Security Act for months beginning after the date of
12 enactment of this Act, but only if an application for such
13 benefits is filed on or after such date.

14 Deaths Before Effective Date

15 (b) Where—

16 (1) one or more persons were entitled (without
17 the application of section 202 (j) (1) of the Social
18 Security Act) to monthly benefits under section 202 of
19 such Act for the month in which this Act is enacted on
20 the basis of the wages and self-employment income of an
21 individual; and

22 (2) a person is entitled to a parent's insurance

1 benefit under section 202 (h) of the Social Security
2 Act for any subsequent month on the basis of such wages
3 and self-employment income and such person would
4 not be entitled to such benefit but for the enactment of
5 this section; and

6 (3) the total of the benefits to which all persons are
7 entitled under section 202 of the Social Security Act on
8 the basis of such wages and self-employment income for
9 such subsequent month are reduced by reason of the ap-
10 plication of section 203 (a) of such Act,

11 then the amount of the benefit to which each such person
12 referred to in paragraph (1) of this subsection is entitled
13 for such subsequent month shall be increased, after the appli-
14 cation of such section 203 (a), to the amount it would
15 have been if no person referred to in paragraph (2) of this
16 subsection was entitled to a parent's insurance benefit for
17 such subsequent month on the basis of such wages and self-
18 employment income.

19 Proof of Support in Cases of Deaths Before Effective Date

20 (c) In the case of any parent who would not be entitled
21 to parent's benefits under section 202 (h) of the Social Secu-
22 rity Act except for the enactment of this section, the require-
23 ment in such section 202 (h) that proof of support be filed
24 within two years of the date of death of the insured individual
25 referred to therein shall not apply if such proof is filed within

1 the two-year period beginning with the first day of the month
2 after the month in which this Act is enacted.

3 ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

4 Requirement That Surviving Spouse Be a Member of
5 Deceased's Household

6 SEC. 305. (a) The first sentence of section 202 (i)
7 of the Social Security Act is amended by inserting "in the
8 same household" after "living".

9 Provisions Relating to Widows and Widowers

10 (b) Section 216 (h) of such Act is amended by
11 striking out paragraph (3).

12 Effective Date

13 (c) The amendments made by this section shall apply
14 in the case of lump-sum death payments under such section
15 202 (i) on the basis of the wages and self-employment
16 income of any individual who dies after the month in which
17 this Act is enacted.

18 ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE

19 BENEFITS

20 Provisions Relating to Dependency

21 SEC. 306. (a) Section 202 (d) of the Social Security
22 Act is amended by striking out "who has not attained the
23 age of eighteen" each place it appears in paragraphs (3),
24 (4), and (5) thereof, and by striking out paragraph (6).

Effective Date

(b) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

7 ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING
8 CERTAIN SURVIVORS BENEFITS

9 Child's Insurance Benefits

SEC. 307. (a) Section 202 (d) of the Social Security Act is amended by inserting immediately after paragraph (5) thereof the following new paragraph:

13 “(6) In the case of a child who has attained the age of
14 eighteen and who marries—

15 “(A) an individual entitled to benefits under sub-
16 section (a), (e), (f), (g), or (h) of this section or
17 under section 223 (a), or

18 “(B) another individual who has attained the age
19 of eighteen and is entitled to benefits under this sub-
20 section,

21 such child's entitlement to benefits under this subsection
22 shall, notwithstanding the provisions of paragraph (1), not
23 be terminated by reason of such marriage; except that, in
24 the case of such a marriage to a male individual entitled to
25 benefits under section 223 (a) or this subsection, the pre-

ceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or this subsection unless (i) he ceases to be so entitled by reason of his death or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.”

Widow's Insurance Benefits

(b) Section 202 (e) of such Act is amended by inserting at the end thereof the following new paragraph:

“(4) In the case of a widow who marries—

“(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widow's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.”

1 Widower's Insurance Benefits

2 (c) Section 202 (f) of such Act is amended by adding
3 at the end thereof the following new paragraph:

4 “(4) In the case of a widower who marries—

5 “(A) an individual entitled to benefits under sub-
6 section (e), (g), or (h), or

7 “(B) an individual who has attained the age of
8 eighteen and is entitled to benefits under subsection (d),
9 such widower’s entitlement to benefits under this subsection
10 shall, notwithstanding the provisions of paragraph (1),
11 not be terminated by reason of such marriage.”

Mother's Insurance Benefits

(d) Section 202 (g) of such Act is amended by adding after paragraph (3) (added by section 303 of this Act) the following new paragraph:

16 “(4) In the case of a widow or former wife divorced
17 who marries—

18 “(A) an individual entitled to benefits under sub-
19 section (a), (f), or (h), or under section 223 (a), or

20 “(B) an individual who has attained the age of
21 eighteen and is entitled to benefits under subsection (d),
22 the entitlement of such widow or former wife divorced to
23 benefits under this subsection shall, notwithstanding the pro-
24 visions of paragraph (1), not be terminated by reason of
25 such marriage; except that, in the case of such a marriage

1 to an individual entitled to benefits under section 223 (a) or
 2 subsection (d) of this section, the preceding provisions of
 3 this paragraph shall not apply with respect to benefits for
 4 months after the last month for which such individual is
 5 entitled to such benefits under section 223 (a) or subsection
 6 (d) of this section unless (i) he ceases to be so entitled by
 7 reason of his death or (ii) in the case of an individual who
 8 was entitled to benefits under section 223 (a), he is entitled,
 9 for the month following such last month, to benefits under
 10 subsection (a) of this section.”

11 Parent's Insurance Benefits

12 (e) Section 202 (h) of such Act is amended by add-
 13 ing at the end thereof the following new paragraph:

14 “(4) In the case of a parent who marries—

15 “(A) an individual entitled to benefits under this
 16 subsection or subsection (e), (f), or (g), or

17 “(B) an individual who has attained the age of
 18 eighteen and is entitled to benefits under subsection
 19 (d),

20 such parent's entitlement to benefits under this subsection
 21 shall, notwithstanding the provisions of paragraph (1), not
 22 be terminated by reason of such marriage; except that, in
 23 the case of such a marriage to a male individual entitled
 24 to benefits under subsection (d), the preceding provisions
 25 of this paragraph shall not apply with respect to benefits

1 for months after the last month for which such individual
 2 is entitled to such benefits under subsection (d) unless he
 3 ceases to be so entitled by reason of his death.”

4 Deduction Provisions

5 (f) Subsection (c) of section 203 of such Act is
 6 amended by inserting “(1)” after “(c)”, by redesignating
 7 subparagraphs (1) and (2) as subparagraphs (A) and
 8 (B), respectively, by striking out “paragraph (1)” and
 9 inserting in lieu thereof “subparagraph (A)”, and by add-
 10 ing at the end of such subsection the following new para-
 11 graph:

12 “(2) Deductions shall be made from any child’s insur-
 13 ance benefit to which a child who has attained the age of
 14 eighteen is entitled or from any mother’s insurance benefit
 15 to which a person is entitled until the total of such deductions
 16 equals such child’s insurance benefit or benefits or mother’s
 17 insurance benefit or benefits under section 202 for any
 18 month—

19 “(A) in which such child or person entitled to
 20 mother’s insurance benefit is married to an indi-
 21 vidual entitled to old-age insurance benefits under sec-
 22 tion 202 (a) who is under the age of seventy-two and
 23 for which month such individual is charged with any
 24 earnings under the provisions of subsection (e) of this
 25 section, or

“(B) in which such child or person entitled to mother’s insurance benefits is married to the individual referred to in subparagraph (A) and on seven or more different calendar days of which such individual engaged in noncovered remunerative activity outside the United States.”

Deductions on Account of Refusal To Accept Rehabilitation Services

9 (g) Section 222 (b) of such Act is amended by insert-
10 ing “(1)” after “(b)”, and by adding at the end thereof
11 the following new paragraph:

“(2) Deductions shall be made from any child’s insurance benefit to which a child who has attained the age of eighteen is entitled or from any mother’s insurance benefit to which a person is entitled until the total of such deductions equals such child’s insurance benefit or benefits or mother’s insurance benefit or benefits under section 202 for any month in which such child or person entitled to mother’s insurance benefits is married to an individual who is entitled to disability insurance benefits and in which such individual refuses to accept rehabilitation services and a deduction, on account of such refusal, is imposed under paragraph (1). If both this paragraph and paragraph (3) are applicable to a child’s insurance benefit for any month, only an amount equal to such benefit shall be deducted.”

Effective Date

(h) (1) The amendments made by this section (other than by subsections (f) and (g)) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months following the month in which this Act is enacted; except that in any case in which benefits were terminated with the close of the month in which this Act is enacted or any prior month and, if the amendments made by this section had been in effect for such month, such benefits would not have been terminated, the amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed after such date.

(2) The amendment made by subsection (f) shall apply with respect to monthly benefits under section 202 (d) of the Social Security Act for months in any taxable year, of the individual on the basis of whose wages and self-employment income such benefits are payable, beginning after the month in which this Act is enacted.

(3) The amendments made by subsection (g) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months, occurring after the month in which this Act is enacted, in which a deduction is incurred

1 under paragraph (1) of section 222 (b) of the Social Se-
2 curity Act.

3 AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF
4 BENEFITS

5 SEC. 308. (a) Section 203 (e) (2) of such Act is
6 amended by striking out “last month” and “preceding
7 month” wherever they appear and substituting in lieu thereof
8 “first month” and “succeeding month”, respectively.

9 (b) Section 203 (e) (3) (A) of such Act is amended
10 by striking out “the term ‘last month of such taxable year’
11 means the latest month” and substituting in lieu thereof
12 “the term ‘first month of such taxable year’ means the
13 earliest month”.

14 (c) Subsections (e) (2) (D) and (e) (3) (B) (ii)
15 of section 203 of such Act are each amended by striking
16 out “\$80” and inserting in lieu thereof “\$100”.

17 (d) Section 203 (g) (1) of such Act is amended to
18 read as follows:

19 “(g) (1) (A) If an individual is entitled to any
20 monthly insurance benefit under section 202 during any
21 taxable year in which he has earnings or wages, as com-
22 puted pursuant to paragraph (4) of subsection (e), in
23 excess of the product of \$100 times the number of months

1 in such year, such individual (or the individual who is in
2 receipt of such benefit on his behalf) shall make a report to
3 the Secretary of his earnings (or wages) for such taxable
4 year. Such report shall be made on or before the fifteenth
5 day of the fourth month following the close of such year,
6 and shall contain such information and be made in such
7 manner as the Secretary may by regulations prescribe. Such
8 report need not be made for any taxable year (i) beginning
9 with or after the month in which such individual attained
10 the age of 72, or (ii) if benefit payments for all months (in
11 such taxable year) in which such individual is under age 72
12 have been suspended for all such months of such year under
13 the provisions of the first sentence of paragraph (3) of this
14 subsection.

15 “(B) If the benefit payments of an individual have
16 been suspended for all months in any taxable year under
17 the provisions of the first sentence of paragraph (3) of sub-
18 section (g), no benefit payment shall be made to such
19 individual for any such month in such taxable year after the
20 expiration of the period of three years, three months, and
21 fifteen days following the close of such taxable year unless
22 within such period the individual, or some other person
23 entitled to benefits under this title on the basis of the same
24 wages and self-employment income, files with the Secretary

1 information showing that a benefit for such month is payable
2 to such individual.”

3 (e) Section 203 (l) of such Act is amended by striking
4 out “(g)” and inserting in lieu thereof “(g) (1) (A)”.

5 (f) The amendments made by this section shall be
6 applicable with respect to taxable years beginning after the
7 month in which this Act is enacted.

8 REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF
9 HEALTH, EDUCATION, AND WELFARE

10 SEC. 309. The second sentence of section 206 of the
11 Social Security Act is amended by striking out “upon filing
12 with the Administrator a certificate of his right to so practice
13 from the presiding judge or clerk of any such court”.

14 OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

15 SEC. 310. Section 208 of the Social Security Act is
16 amended to read as follows:

17 “PENALTIES

18 “SEC. 208. Whoever—

19 “(a) for the purpose of causing an increase in any
20 payment authorized to be made under this title, or for
21 the purpose of causing any payment to be made where
22 no payment is authorized under this title, shall make or
23 cause to be made any false statement or representation

1 (including any false statement or representation in con-
2 nection with any matter arising under subchapter E of
3 chapter 1, or subchapter A or E of chapter 9 of the
4 Internal Revenue Code of 1939, or chapter 2 or 21 or
5 subtitle F of the Internal Revenue Code of 1954) as to—

6 “(1) whether wages were paid or received for
7 employment (as said terms are defined in this title
8 and the Internal Revenue Code), or the amount of
9 wages or the period during which paid or the person
10 to whom paid; or

11 “(2) whether net earnings from self-employ-
12 ment (as such term is defined in this title and in the
13 Internal Revenue Code) were derived, or as to
14 the amount of such net earnings or the period dur-
15 ing which or the person by whom derived; or

16 “(3) whether a person entitled to benefits
17 under this title had earnings in or for a particular
18 period (as determined under section 203 (e) of
19 this title for purposes of deductions from benefits),
20 or as to the amount thereof; or

21 “(b) makes or causes to be made any false state-
22 ment or representation of a material fact in any appli-
23 cation for any payment or for a disability determination
24 under this title; or

25 “(c) at any time makes or causes to be made any

1 false statement or representation of a material fact for
2 use in determining rights to payment under this title; or

3 “(d) having knowledge of the occurrence of any
4 event affecting (1) his initial or continued right to any
5 payment under this title, or (2) the initial or continued
6 right to any payment of any other individual in whose
7 behalf he has applied for or is receiving such payment,
8 conceals or fails to disclose such event with an intent
9 fraudulently to secure payment either in a greater
10 amount than is due or when no payment is authorized;
11 or

12 “(e) having made application to receive payment
13 under this title for the use and benefit of another and
14 having received such a payment, knowingly and willfully
15 converts such a payment, or any part thereof, to a use
16 other than for the use and benefit of such other person;
17 shall be guilty of a misdemeanor and upon conviction thereof
18 shall be fined not more than \$1,000 or imprisoned for not
19 more than one year, or both.”

20 SICK-LEAVE PAY OF STATE AND LOCAL EMPLOYEES

21 SEC. 311. (a) Subsection (i) of section 209 of the Social
22 Security Act is amended by inserting immediately before
23 the semicolon a period and the following: “As used in this
24 subsection, the term ‘sick pay’ includes remuneration for
25 service in the employ of a State, or a political subdivision

1 (as defined in section 218 (b) (2)) of a State, or an
2 instrumentality of two or more States, paid to an employee
3 thereof for a period during which he was absent from work
4 because of sickness”.

5 (b) The amendment made by subsection (a) shall be
6 applicable to remuneration paid after the enactment of this
7 Act, except that, in the case of any coverage group which
8 is included under the agreement of a State under section 218
9 of the Social Security Act, the amendment made by subsection
10 (a) shall also be applicable to remuneration for any member
11 of such coverage group with respect to services performed
12 after the effective date, specified in such agreement, for such
13 coverage group, if such State has paid or agrees, prior to Jan-
14 uary 1, 1959, to pay, prior to such date, the amounts which
15 under section 218 (e) would have been payable with respect
16 to remuneration of all members of such coverage group had
17 the amendment made by subsection (a) been in effect on and
18 after January 1, 1951. Failure by a State to make such
19 payments prior to January 1, 1959, shall be treated the same
20 as failure to make payments when due under section 218 (e) .

21 EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN
22 PRODUCTS

23 SEC. 312. (a) Section 210 (a) (1) of the Social
24 Security Act is amended to read as follows:

25 “(1) Service performed by foreign agricultural

workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any other foreign country or possession thereof, on a temporary basis to perform agricultural labor;”.

(b) The amendment made by subsection (a) shall apply with respect to service performed after 1958.

EMPLOYMENT FOR NONPROFIT ORGANIZATION

SEC. 313. (a) Section 210 (a) (8) (B) of title II of the Social Security Act is amended to read as follows:

“(B) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) of the Internal Revenue Code of 1954, which is exempt from income tax under section 501 (a) of such Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 3121 (k) of the Internal Revenue Code of 1954, is in effect if such service is performed by an employee—

“(i) whose signature appears on the list filed by such organization under such section 3121 (k),

“(ii) who became an employee of such organi-

1 zation after the calendar quarter in which the cer-
 2 tificate (other than a certificate referred to in clause
 3 (iii)) was filed, or

4 “(iii) who, after the calendar quarter in which
 5 the certificate was filed with respect to a group
 6 described in paragraph (1) (E) of such section
 7 3121 (k), became a member of such group,
 8 except that this subparagraph shall apply with respect
 9 to service performed by an employee as a member of
 10 a group described in such paragraph (1) (E) with
 11 respect to which no certificate is in effect;”.

12 (b) The amendment made by subsection (a) shall
 13 apply with respect to certificates filed under section 3121
 14 (k) (1) of the Internal Revenue Code of 1954 after the
 15 date of enactment of this Act.

16 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

17 SEC. 314. (a) Section 211 of the Social Security Act is
 18 amended by adding at the end thereof the following new
 19 subsection:

20 “Partner's Taxable Year Ending as Result of Death

21 “(f) In computing a partner's net earnings from self-
 22 employment for his taxable year which ends as a result of his
 23 death (but only if such taxable year ends within, and not
 24 with, the taxable year of the partnership), there shall be in-

1 cluded so much of the deceased partner's distributive share
2 of the partnership's ordinary income or loss for the partner-
3 ship taxable year as is not attributable to an interest in the
4 partnership during any period beginning on or after the first
5 day of the first calendar month following the month in which
6 such partner died. For purposes of this subsection—

7 “(1) in determining the portion of the distributive
8 share which is attributable to any period specified in the
9 preceding sentence, the ordinary income or loss of the
10 partnership shall be treated as having been realized or
11 sustained ratably over the partnership taxable year; and

12 “(2) the term ‘deceased partner's distributive
13 share’ includes the share of his estate or of any other
14 person succeeding, by reason of his death, to rights with
15 respect to his partnership interest.”

16 (b) The amendment made by subsection (a) shall
17 apply—

18 (1) with respect to individuals who die after the
19 date of the enactment of this Act, and

20 (2) with respect to any individual who died after
21 1955 and on or before the date of the enactment of this
22 Act, but only if the requirements of section 403 (b) (2)
23 of this Act are met.

1 GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO
2 SERVED IN THE ARMED FORCES OF ALLIED COUNTRIES

3 General Rule

4 SEC. 315. (a) Section 217 of such Act is amended by
5 adding at the end thereof the following new subsection:

6 “(h) (1) For the purposes of this section and section
7 215 (d), any individual who the Secretary finds—

8 “(A) served during World War II (as defined in
9 subsection (d) (1)) in the active military or naval
10 service of a country which was on September 16, 1940,
11 at war with a country with which the United States
12 was at war during World War II;

13 “(B) entered into such active service on or before
14 December 8, 1941;

15 “(C) was a citizen of the United States through-
16 out such period of service or lost his United States
17 citizenship solely because of his entrance into such
18 service;

19 “(D) had resided in the United States for a period
20 or periods aggregating four years during the five-year
21 period ending on the day of, and was domiciled in the
22 United States on the day of, such entrance into such
23 active service; and

24 “(E) (i) was discharged or released from such

1 service under conditions other than dishonorable after
2 active service of ninety days or more or by reason of a
3 disability or injury incurred or aggravated in service in
4 line of duty, or

5 “(ii) died while in such service,

6 shall be considered a World War II veteran (as defined in
7 subsection (d) (2)) and such service shall be considered
8 to have been performed in the active military or naval serv-
9 ice of the United States.

10 “(2) In the case of any individual to whom paragraph
11 (1) applies, proof of support required under section 202
12 (h) may be filed by a parent at any time prior to the ex-
13 piration of two years after the date of such individual’s
14 death or the date of the enactment of this subsection, which-
15 ever is the later.”

16 Reimbursement to Disability Insurance Trust Fund

17 (b) (1) Section 217 (g) (1) of the Social Security
18 Act is amended by deleting “Trust Fund” and inserting in
19 lieu thereof “Trust Funds”.

20 (2) Section 217 (g) (2) of the Social Security Act is
21 amended by deleting “the Trust Fund” each time it appears
22 therein and inserting in lieu thereof “the Federal Old-Age
23 and Survivors Insurance Trust Fund” the first time and
24 “such Trust Fund” the other times.

1 Effective Date

(c) (1) The amendment made by subsection (a) shall apply only with respect to (A) monthly benefits under sections 202 and 223 of the Social Security Act for months after the month in which this Act is enacted, (B) lump-sum death payments under such section 202 in the case of deaths occurring after the month in which this Act is enacted, and (C) periods of disability under section 216 (i) in the case of applications for a disability determination filed after the month in which this Act is enacted.

11 (2) In the case of any individual—

(A) who is a World War II veteran (as defined in section 217 (d) (2) of the Social Security Act) wholly or partly by reason of service described in section 217 (h) (1) (A) of such Act; and

(B) who (i) became entitled to old-age insurance benefits under section 202 (a) of the Social Security Act or to disability insurance benefits under section 223 of such Act prior to the first day of the month following the month in which this Act is enacted, or (ii) died prior to such first day, and whose widow, former wife divorced, widower, child, or parent is entitled for the month in which this Act is enacted, on the basis of his wages and self-employment income, to a monthly benefit under section 202 of such Act; and

(C) any part of whose service described in section 217 (h) (1) (A) of the Social Security Act was not included in the computation of his primary insurance amount under section 215 of such Act but would have been included in such computation if the amendment made by subsection (a) of this section had been effective prior to the date of such computation,

the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual upon the filing of an application, after the month in which this Act is enacted, by him or (if he has died without filing such an application) by any person entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income. Such recomputation shall be made only in the manner provided in title II of the Social Security Act as in effect at the time of the last previous computation or recomputation of such individual's primary insurance amount, and as though application therefor was filed in the month in which application for such last previous computation or recomputation was filed. No recomputation made under this subsection shall be regarded as a recomputation under section 215 (f) of the Social Security Act. Any such recomputation shall be effective for and after the twelfth

1 month before the month in which the application is filed, but
2 in no case for the month in which this Act is enacted or
3 any prior month.

4 POSITIONS COVERED BY STATE AND LOCAL RETIREMENT
5 SYSTEMS

6 Division of Retirement Systems

7 SEC. 316. (a) (1) Section 218 (d) (6) of the Social
8 Security Act is amended to read as follows:

9 “(6) (A) If a retirement system covers positions of
10 employees of the State and positions of employees of one or
11 more political subdivisions of the State, or covers positions
12 of employees of two or more political subdivisions of the
13 State, then, for purposes of the preceding paragraphs of this
14 subsection, there shall, if the State so desires, be deemed to
15 be a separate retirement system with respect to any one or
16 more of the political subdivisions concerned and, where the
17 retirement system covers positions of employees of the
18 State, a separate retirement system with respect to the State
19 or with respect to the State and any one or more of the
20 political subdivisions concerned.

21 “(B) If a retirement system covers positions of em-
22 ployees of one or more institutions of higher learning, then,
23 for purposes of such preceding paragraphs there shall, if the
24 State so desires, be deemed to be a separate retirement sys-
25 tem for the employees of each such institution of higher

1 learning. For the purposes of this subparagraph, the term
2 'institutions of higher learning' includes junior colleges and
3 teachers colleges.

4 “(C) For the purposes of this subsection, any
5 retirement system established by the State of California,
6 Connecticut, Florida, Georgia, Massachusetts, Minnesota,
7 New York, North Dakota, Pennsylvania, Rhode Island,
8 Tennessee, Washington, Wisconsin, or the Territory of Ha-
9 waii, or any political subdivision of any such State or Terri-
10 tory, which, on, before, or after the date of enactment of this
11 subparagraph is divided into two divisions or parts,
12 one of which is composed of positions of members of such
13 system who desire coverage under an agreement under this
14 section and the other of which is composed of positions of
15 members of such system who do not desire such coverage,
16 shall, if the State or Territory so desires and if it is provided
17 that there shall be included in such division or part composed
18 of members desiring such coverage the positions of individ-
19 uals who become members of such system after such cover-
20 age is extended, be deemed to be a separate retirement sys-
21 tem with respect to each such division or part.

22 “(D) The position of any individual which is covered by
23 any retirement system to which subparagraph (C) is appli-
24 cable shall, if such individual is ineligible to become a mem-
25 ber of such system on August 1, 1956, or, if later, the day

1 he first occupies such position, be deemed to be covered
2 by the separate retirement system consisting of the positions
3 of members of the division or part who do not desire cover-
4 age under the insurance system established under this title.

5 “(E) An individual who is in a position covered by a
6 retirement system to which subparagraph (C) is applicable
7 and who is not a member of such system but is eligible to
8 become a member thereof shall, for purposes of this subsec-
9 tion (other than paragraph (8)) be regarded as a member
10 of such system; except that, in the case of any retirement
11 system a division or part of which is covered under the
12 agreement (either in the original agreement or by a modi-
13 fication thereof) , which coverage is agreed to prior to 1960,
14 the preceding provisions of this subparagraph shall apply
15 only if the State so requests and any such individual re-
16 ferred to in such preceding provisions shall, if the State so
17 requests, be treated, after division of the retirement system
18 pursuant to such subparagraph (C) , the same as individuals
19 in positions referred to in subparagraph (F) .

20 “(F) In the case of any retirement system divided pur-
21 suant to subparagraph (C) , the position of any member of
22 the division or part composed of positions of members who
23 do not desire coverage may be transferred to the separate
24 retirement system composed of positions of members who
25 desire such coverage if it is so provided in a modification of

1 such agreement which is mailed, or delivered by other
2 means, to the Secretary prior to 1960 or, if later, the expira-
3 tion of one year after the date on which such agreement, or
4 the modification thereof making the agreement applicable to
5 such separate retirement system, as the case may be, is
6 agreed to, but only if, prior to such modification or such
7 later modification, as the case may be, the individual occu-
8 pying such position files with the State a written request
9 for such transfer.

10 “(G) For the purposes of this subsection, in the case
11 of any retirement system of the State of Florida, Georgia,
12 Minnesota, North Dakota, Pennsylvania, Washington, or
13 the Territory of Hawaii which covers positions of employees
14 of such State or Territory who are compensated in whole
15 or in part from grants made to such State or Territory under
16 title III, there shall be deemed to be, if such State or Terri-
17 tory so desires, a separate retirement system with respect to
18 any of the following:

19 “(i) the positions of such employees;

20 “(ii) the positions of all employees of such State
21 or Territory covered by such retirement system who are
22 employed in the department of such State or Territory
23 in which the employees referred to in clause (i) are
24 employed; or

1 “(iii) employees of such State or Territory cov-
2 ered by such retirement system who are employed in
3 such department of such State or Territory in positions
4 other than those referred to in clause (i).”

5 (2) Paragraph (7) of section 218 (d) of such Act is
6 amended by striking out “(created under the fourth sentence
7 of paragraph (6))” and inserting in lieu thereof “(created
8 under subparagraph (C) of paragraph (6) or the corre-
9 sponding provision of prior law)”; and by striking out “the
10 fourth and fifth sentences of paragraph (6)” and inserting
11 in lieu thereof “subparagraphs (C) and (D) of paragraph
12 (6)”.

13 (3) The second sentence of paragraph (2) of section
14 218 (k) of such Act is amended by striking out “the pre-
15 ceding sentence” and inserting in lieu thereof “the first sen-
16 tence of this paragraph”. The last sentence of such para-
17 graph is amended by striking out “the fourth sentence of
18 subsection (d) (6)” and inserting in lieu thereof “sub-
19 paragraph (C) of subsection (d) (6)”. Such paragraph
20 is further amended by inserting after the first sentence the
21 following new sentence: “An individual who is in a position
22 covered by a retirement system divided pursuant to the
23 preceding sentence and who is not a member of such system
24 but is eligible to become a member thereof shall, for purposes
25 of this subsection, be regarded as a member of such system.

1 Coverage under the agreement of any such individual shall
2 be provided under the same conditions, to the extent prac-
3 ticable, as are applicable in the case of the States to which
4 the provisions of subsection (d) (6) (C) apply.”

5 Coverage Under Other Retirement Systems

6 (b) Section 218 (d) of such Act is amended by adding
7 at the end thereof the following new paragraph:

8 “(8) (A) Notwithstanding paragraph (1), if under the
9 provisions of this subsection an agreement is, after December
10 31, 1958, made applicable to service performed in positions
11 covered by a retirement system, service performed by an
12 individual in a position covered by such a system may not be
13 excluded from the agreement because such position is also
14 covered under another retirement system.

15 “(B) Subparagraph (A) shall not apply to service
16 performed by an individual in a position covered under a
17 retirement system if such individual, on the day the agree-
18 ment is made applicable to service performed in positions cov-
19 ered by such retirement system, is not a member of such
20 system and is a member of another system.

21 “(C) If an agreement is made applicable, prior to 1959,
22 to service in positions covered by any retirement system, the
23 preceding provisions of this paragraph shall be applicable
24 in the case of such system if the agreement is modified to so
25 provide.

1 “(D) Except in the case of agreements with the States
2 named in subsection (p) and agreements with interstate
3 instrumentalities, nothing in this paragraph shall authorize
4 the application of an agreement to service in any policeman’s
5 or fireman’s position.”

6 Retroactive Coverage

7 (c) (1) Section 218 (f) of such Act is amended
8 by inserting “(1)” immediately after “(f)”, by redesignat-
9 ing clauses (1), (2), (3), and (4) thereof as clauses (A),
10 (B), (C), and (D), respectively, and by adding at the
11 end thereof the following new paragraph:

12 “(2) In the case of service performed by members
13 of any coverage group—

14 “(A) to which an agreement under this section
15 is made applicable, and

16 “(B) with respect to which the agreement, or
17 modification thereof making the agreement so applicable,
18 specifies an effective date earlier than the date of execu-
19 tion of such agreement and such modification, re-
20 spectively,

21 the agreement shall, if so requested by the State, be ap-
22 plicable to such services (to the extent the agreement was
23 not already applicable) performed before such date of execu-
24 tion and after such effective date by any individual as a
25 member of such coverage group if he is such a member on

1 a date, specified by the State, which is earlier than such date
2 of execution, except that in no case may the date so specified
3 be earlier than the date such agreement or such modification,
4 as the case may be, is mailed, or delivered by other means,
5 to the Secretary.”

6 (2) The amendment made by this subsection shall ap-
7 ply in the case of any agreement, or modification of an
8 agreement, under section 218 of the Social Security Act,
9 which is executed after the date of enactment of this Act.

10 POLICEMEN AND FIREMEN OF INTERSTATE INSTRU-
11 MENTALITIES

12 SEC. 317. Subsection (k) of section 218 of the Social
13 Security Act is amended by adding at the end thereof the
14 following new paragraph:

15 “(3) Any agreement with any instrumentality of two
16 or more States entered into pursuant to this Act may,
17 notwithstanding the provisions of subsection (d) (5) (A)
18 and the references thereto in subsections (d) (1) and (d)
19 (3), apply to service performed by employees of such in-
20 strumentality in any policeman’s or fireman’s position covered
21 by a retirement system, but only upon compliance, to the
22 extent practicable, with the requirements of subsection (d)
23 (3). For the purpose of the preceding sentence, a retire-
24 ment system which covers positions of policemen or firemen,
25 or both, and other positions shall, if the instrumentality con-

1 cerned so desires, be deemed to be a separate retirement
2 system with respect to the positions of such policemen or
3 firemen, or both, as the case may be.”

4 TITLE IV—AMENDMENTS TO THE INTERNAL
5 REVENUE CODE OF 1954

6 CHANGES IN TAX SCHEDULES

7 Self-Employment Income Tax

8 SEC. 401. (a) Section 1401 of the Internal Revenue
9 Code of 1954 (relating to rate of tax on self-employment
10 income) is amended to read as follows:

11 “SEC. 1401. RATE OF TAX.

12 “In addition to other taxes, there shall be imposed for
13 each taxable year, on the self-employment income of every
14 individual, a tax as follows:

15 “(1) in the case of any taxable year beginning
16 after December 31, 1958, and before January 1, 1960,
17 the tax shall be equal to $3\frac{3}{4}$ percent of the amount of
18 the self-employment income for such taxable year;

19 “(2) in the case of any taxable year beginning after
20 December 31, 1959, and before January 1, 1963, the
21 tax shall be equal to $4\frac{1}{2}$ percent of the amount of the
22 self-employment income for such taxable year;

23 “(3) in the case of any taxable year beginning

after December 31, 1962, and before January 1, 1966,
the tax shall be equal to $5\frac{1}{4}$ percent of the amount of
the self-employment income for such taxable year;

“(4) in the case of any taxable year beginning
after December 31, 1965, and before January 1, 1969,
the tax shall be equal to 6 percent of the amount of
the self-employment income for such taxable year; and

“(5) in the case of any taxable year beginning
after December 31, 1968, the tax shall be equal to
 $6\frac{3}{4}$ percent of the amount of the self-employment income
for such taxable year.”

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax
on employees under the Federal Insurance Contributions
Act) is amended to read as follows:

“SEC. 3101. RATE OF TAX.

“In addition to other taxes, there is hereby imposed
on the income of every individual a tax equal to the follow-
ing percentages of the wages (as defined in section 3121
(a)) received by him with respect to employment (as
defined in section 3121 (b)) —

“(1) with respect to wages received during the
calendar year 1959, the rate shall be $2\frac{1}{2}$ percent;

1 “(2) with respect to wages received during the
2 calendar years 1960 to 1962, both inclusive, the rate
3 shall be 3 percent;

4 “(3) with respect to wages received during the
5 calendar years 1963 to 1965, both inclusive, the rate
6 shall be $3\frac{1}{2}$ percent;

7 “(4) with respect to wages received during the
8 calendar years 1966 to 1968, both inclusive, the rate
9 shall be 4 percent; and

10 “(5) with respect to wages received after Decem-
11 ber 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

12 Tax on Employers

13 (c) Section 3111 of such Code (relating to rate of tax
14 on employers under the Federal Insurance Contributions
15 Act) is amended to read as follows:

16 “SEC. 3111. RATE OF TAX.

17 “In addition to other taxes, there is hereby imposed on
18 every employer an excise tax, with respect to having indi-
19 viduals in his employ, equal to the following percentages of
20 the wages (as defined in section 3121 (a)) paid by him
21 with respect to employment (as defined in section 3121
22 (b)) —

23 “(1) with respect to wages paid during the calen-
24 dar year 1959, the rate shall be $2\frac{1}{2}$ percent;

25 “(2) with respect to wages paid during the calen-

dar years 1960 to 1962, both inclusive, the rate shall be
3 percent;

“(3) with respect to wages paid during the calen-
dar years 1963 to 1965, both inclusive, the rate shall be
 $3\frac{1}{2}$ percent;

“(4) with respect to wages paid during the calen-
dar years 1966 to 1968, both inclusive, the rate shall be
4 percent; and

“(5) with respect to wages paid after December
31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

Effective Dates

(d) The amendment made by subsection (a) shall
apply with respect to taxable years beginning after Decem-
ber 31, 1958. The amendments made by subsections (b)
and (c) shall apply with respect to remuneration paid after
December 31, 1958.

INCREASE IN TAX BASE

Definition of Self-Employment Income

SEC. 402. (a) (1) Subparagraph (B) of section 1402
(b) (1) of the Internal Revenue Code of 1954 is amended
to read as follows:

“(B) for any taxable year ending after 1954
and before 1959, (i) \$4,200, minus (ii) the
amount of the wages paid to such individual during
the taxable year; and”.

1 (2) Paragraph (1) of section 1402 (b) of such Code
2 is further amended by adding at the end thereof the following
3 new subparagraph:

4 “(C) for any taxable year ending after 1958,
5 (i) \$4,800, minus (ii) the amount of the wages
6 paid to such individual during the taxable year; or”.

7 Definition of Wages

8 (b) Section 3121 (a) of such Code (relating to the
9 definition of wages) is amended by striking out “\$4,200”
10 wherever it appears and inserting in lieu thereof “\$4,800”.

11 Federal Service

12 (c) Section 3122 of such Code (relating to Federal
13 service) is amended by striking out “\$4,200” wherever it
14 appears and inserting in lieu thereof “\$4,800”.

15 Refunds

16 (d) (1) Paragraph (1) of section 6413 (c) of such
17 Code is amended to read as follows:

18 “(1) IN GENERAL.—If by reason of an employee
19 receiving wages from more than one employer during a
20 calendar year after the calendar year 1950 and prior to
21 the calendar year 1955, the wages received by him during
22 such year exceed \$3,600, the employee shall be entitled
23 (subject to the provisions of section 31 (b)) to a credit
24 or refund of any amount of tax, with respect to such
25 wages, imposed by section 1400 of the Internal Revenue

1 Code of 1939 and deducted from the employee's wages
2 (whether or not paid to the Secretary or his delegate),
3 which exceeds the tax with respect to the first \$3,600
4 of such wages received; or if by reason of an employee
5 receiving wages from more than one employer (A)
6 during any calendar year after the calendar year 1954
7 and prior to the calendar year 1959, the wages received
8 by him during such year exceed \$4,200, or (B) during
9 any calendar year after the calendar year 1958, the
10 wages received by him during such year exceed
11 provisions of section 31 (b)) to a credit or refund of
12 any amount of tax, with respect to such wages, imposed
13 by section 3101 and deducted from the employee's
14 wages (whether or not paid to the Secretary or his
15 delegate), which exceeds the tax with respect to the
16 first \$4,200 of such wages received in such calendar
17 year after 1954 and before 1959, or which exceeds the
18 tax with respect to the first \$4,800 of such wages
19 received in such calendar year after 1958."

20 (2) Subparagraph (A) of section 6413 (c) (2) of
21 such Code is amended to read as follows:

22 " (A) FEDERAL EMPLOYEES.—In the case of
23 remuneration received from the United States or a
24 wholly owned instrumentality thereof during any
25 calendar year, each head of a Federal agency or

instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term 'wages' includes for purposes of this subsection the amount, not to exceed \$3,600 for the calendar year 1951, 1952, 1953, or 1954, \$4,200 for the calendar year 1955, 1956, 1957, or 1958, or \$4,800 for any calendar year after 1958, determined by each such head or agent as constituting wages paid to an employee."

13 Effective Date

(e) The amendments made by subsections (b) and (c) shall be applicable only with respect to remuneration paid after 1958.

17 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

18 General Rule

19 SEC. 403. (a) Section 1402 of the Internal Revenue
20 Code of 1954 is amended by adding at the end thereof the
21 following new subsection:

22 “ (f) PARTNER’S TAXABLE YEAR ENDING AS THE
23 RESULT OF DEATH.—In computing a partner’s net earnings
24 from self-employment for his taxable year which ends as a
25 result of his death (but only if such taxable year ends within,

1 and not with, the taxable year of the partnership), there
2 shall be included so much of the deceased partner's distribu-
3 tive share of the partnership's ordinary income or loss for
4 the partnership taxable year as is not attributable to an
5 interest in the partnership during any period beginning on
6 or after the first day of the first calendar month following
7 the month in which such partner died. For purposes of this
8 subsection—

9 “(1) in determining the portion of the distributive
10 share which is attributable to any period specified in the
11 preceding sentence, the ordinary income or loss of the
12 partnership shall be treated as having been realized or
13 sustained ratably over the partnership taxable year; and

14 “(2) the term ‘deceased partner’s distributive
15 share’ includes the share of his estate or of any other
16 person succeeding, by reason of his death, to rights with
17 respect to his partnership interest.”

18 Effective Date

19 (b) (1) Except as provided in paragraph (2), the
20 amendment made by subsection (a) shall apply only with
21 respect to individuals who die after the date of the enact-
22 ment of this Act.

23 (2) In the case of an individual who died after 1955 and
24 on or before the date of the enactment of this Act, the amend-
25 ment made by subsection (a) shall apply only if—

1 (A) before January 1, 1960, there is filed a return
2 (or amended return) of the tax imposed by chapter 2
3 of the Internal Revenue Code of 1954 for the taxable
4 year ending as a result of his death, and

5 (B) in any case where the return is filed solely
6 for the purpose of reporting net earnings from self-em-
7 ployment resulting from the amendment made by sub-
8 section (a), the return is accompanied by the amount
9 of tax attributable to such net earnings.

10 In any case described in the preceding sentence, no interest
11 or penalty shall be assessed or collected on the amount of
12 any tax due under chapter 2 of such Code solely by reason
13 of the operation of section 1402 (f) of such Code.

14 SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

15 SEC. 404. (a) Section 3121 (b) (1) of the Internal
16 Revenue Code of 1954 (relating to definition of employ-
17 ment) is amended to read as follows:

18 “(1) service performed by foreign agricultural
19 workers (A) under contracts entered into in accord-
20 ance with title V of the Agricultural Act of 1949, as
21 amended (65 Stat. 119; 7 U. S. C. 1461-1468), or
22 (B) lawfully admitted to the United States from the
23 Bahamas, Jamaica, and the other British West Indies,
24 or from any other foreign country or possession thereof,
25 on a temporary basis to perform agricultural labor;”.

1 (b) The amendment made by subsection (a) shall
2 apply with respect to service performed after 1958.

3 NONPROFIT ORGANIZATION'S WAIVER CERTIFICATES

4 SEC. 405. (a) Section 3121 (k) (1) of the Internal
5 Revenue Code of 1954 is amended to read as follows:

6 “(1) WAIVER OF EXEMPTION BY ORGANIZA-
7 TION.—

8 “(A) An organization described in section 501
9 (c) (3) which is exempt from income tax under
10 section 501 (a) may file a certificate (in such form
11 and manner, and with such official, as may be pre-
12 scribed by regulations made under this chapter)
13 certifying that it desires to have the insurance sys-
14 tem established by title II of the Social Security
15 Act extended to service performed by its employees
16 and that at least two-thirds of its employees concur
17 in the filing of the certificate. Such certificate may
18 be filed only if it is accompanied by a list contain-
19 ing the signature, address, and social security ac-
20 count number (if any) of each employee who
21 concurs in the filing of the certificate. Such list
22 may be amended at any time prior to the expira-
23 tion of the twenty-fourth month following the calen-
24 dar quarter in which the certificate is filed by filing
25 with the prescribed official a supplemental list or

1 lists containing the signature, address, and social
2 security account number (if any) of each additional
3 employee who concurs in the filing of the certificate.
4 The list and any supplemental list shall be filed in
5 such form and manner as may be prescribed by
6 regulations made under this chapter.

7 “(B) The certificate shall be in effect (for
8 purposes of subsection (b) (8) (B) and for pur-
9 poses of section 210 (a) (8) (B) of the Social
10 Security Act) for the period beginning with which-
11 ever of the following may be designated by the
12 organization:

13 “(i) the first day of the calendar quarter
14 in which the certificate is filed,

15 “(ii) the first day of the calendar quarter
16 succeeding such quarter, or

17 “(iii) the first day of any calendar quarter
18 preceding the calendar quarter in which the
19 certificate is filed, except that, in the case
20 of a certificate filed prior to January 1, 1960,
21 such date may not be earlier than January 1,
22 1956, and in the case of a certificate filed after
23 1959, such date may not be earlier than the
24 first day of the fourth calendar quarter preced-
25 ing the quarter in which such certificate is filed.

1 “(C) In the case of service performed by an
2 employee whose name appears on a supplemental
3 list filed after the first month following the
4 calendar quarter in which the certificate is filed, the
5 certificate shall be in effect (for purposes of subsec-
6 tion (b) (8) (B) and for purposes of section 210
7 (a) (8) (B) of the Social Security Act) only with
8 respect to service performed by such individual for
9 the period beginning with the first day of the calen-
10 dar quarter in which such supplemental list is filed.

11 “(D) The period for which a certificate filed
12 pursuant to this subsection or the corresponding sub-
13 section of prior law is effective may be terminated
14 by the organization, effective at the end of a calen-
15 dar quarter, upon giving 2 years’ advance notice in
16 writing, but only if, at the time of the receipt of
17 such notice, the certificate has been in effect for a
18 period of not less than 8 years. The notice of ter-
19 mination may be revoked by the organization by
20 giving, prior to the close of the calendar quarter
21 specified in the notice of termination, a written
22 notice of such revocation. Notice of termination or
23 revocation thereof shall be filed in such form and

1 manner, and with such official, as may be prescribed
2 by regulations made under this chapter.

3 “(E) If an organization described in subpara-
4 graph (A) employs both individuals who are in
5 positions covered by a pension, annuity, retirement,
6 or similar fund or system established by a State or
7 by a political subdivision thereof and individuals
8 who are not in such positions, the organization shall
9 divide its employees into two separate groups. One
10 group shall consist of all employees who are in
11 positions covered by such a fund or system and (i)
12 are members of such fund or system, or (ii) are
13 not members of such fund or system but are
14 eligible to become members thereof; and the other
15 group shall consist of all remaining employees. An
16 organization which has so divided its employees
17 into two groups may file a certificate pursuant to
18 subparagraph (A) with respect to the employees
19 in one of the groups if at least two-thirds of the
20 employees in such group concur in the filing of the
21 certificate. The organization may also file such a
22 certificate with respect to the employees in the
23 other group if at least two-thirds of the employees
24 in such other group concur in the filing of such
25 certificate.

1 “(F) An organization which filed a certificate
2 under this subsection after 1955 but prior to the
3 enactment of this subparagraph may file a request
4 at any time before 1960 to have such certificate
5 effective, with respect to the service of individuals
6 who concurred in the filing of such certificate
7 (initially or through the filing of a supplemental
8 list) prior to enactment of this subparagraph and
9 who concur in the filing of such new request, for
10 the period beginning with the first day of any
11 calendar quarter preceding the first calendar quarter
12 for which it was effective and following the last
13 calendar quarter of 1955. Such request shall be
14 filed with such official and in such form and manner
15 as may be prescribed by regulations made under
16 this chapter. If a request is filed pursuant to this
17 subparagraph—

18 “(i) for purposes of computing interest
19 and for purposes of section 6651 (relating to
20 addition to tax for failure to file tax return),
21 the due date for the return and payment of the
22 tax for any calendar quarter resulting from the
23 filing of such request shall be the last day of the
24 calendar month following the calendar quarter
25 in which the request is filed; and

1 “(ii) the statutory period for the assess-
2 ment of such tax shall not expire before the
3 expiration of 3 years from such due date.

4 “(G) If a certificate filed pursuant to this para-
5 graph is effective for one or more calendar quarters
6 prior to the quarter in which the certificate is filed,
7 then—

8 “(i) for purposes of computing interest
9 and for purposes of section 6651 (relating to
10 addition to tax for failure to file tax return), the
11 due date for the return and payment of the tax
12 for such prior calendar quarters resulting from
13 the filing of such certificate shall be the last
14 day of the calendar month following the calen-
15 dar quarter in which the certificate is filed; and

16 “(ii) the statutory period for the assess-
17 ment of such tax shall not expire before the
18 expiration of 3 years from such due date.”

19 (b) Section 3121 (b) (8) (B) of the Internal Reve-
20 nue Code of 1954 is amended to read as follows:

21 “(B) service performed in the employ of a
22 religious, charitable, educational, or other organiza-
23 tion described in section 501 (c) (3) which is
24 exempt from income tax under section 501 (a),
25 but this subparagraph shall not apply to service per-

1 formed during the period for which a certificate, filed
2 pursuant to subsection (k) (or the corresponding
3 subsection of prior law), is in effect if such service
4 is performed by an employee—

5 “(i) whose signature appears on the list
6 filed by such organization under subsection (k)
7 (or the corresponding subsection of prior law),

8 “(ii) who became an employee of such
9 organization after the calendar quarter in which
10 the certificate (other than a certificate referred
11 to in clause (iii)) was filed, or

12 “(iii) who, after the calendar quarter in
13 which the certificate was filed with respect to a
14 group described in section 3121 (k) (1) (E),
15 became a member of such group,

16 except that this subparagraph shall apply with re-
17 spect to service performed by an employee as a
18 member of a group described in section 3121 (k)
19 (1) (E) with respect to which no certificate is in
20 effect;”.

21 (c) The amendments made by subsections (a) and (b)
22 shall apply with respect to certificates filed under section
23 3121 (k) (1) of the Internal Revenue Code of 1954 after
24 the date of enactment of this Act.

1 EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

2 SEC. 406. Section 6334 (a) of the Internal Revenue
3 Code of 1954 (relating to enumeration of property exempt
4 from levy) is amended by adding at the end thereof the
5 following new paragraph:

6 “(4) UNEMPLOYMENT BENEFITS.—Any amount
7 payable to an individual with respect to his unemploy-
8 ment (including any portion thereof payable with re-
9 spect to dependents) under an unemployment compensa-
10 tion law of the United States, of any State or Territory,
11 or of the District of Columbia or of the Commonwealth
12 of Puerto Rico.”

13 TITLE V—AMENDMENTS RELATING TO PUBLIC 14 ASSISTANCE

15 OLD-AGE ASSISTANCE

16 SEC. 501. Subsection (a) of section 3 of the Social
17 Security Act is amended to read as follows:

18 “(a) From the sums appropriated therefor, the Secre-
19 tary of the Treasury shall pay to each State which has an
20 approved plan for old-age assistance, for each quarter, be-
21 ginning with the quarter commencing October 1, 1958,
22 (1) in the case of any State other than Puerto Rico, the
23 Virgin Islands, and Guam, an amount equal to the sum of
24 the following proportions of the total amounts expended
25 during such quarter as old-age assistance under the State

1 plan (including expenditures for insurance premiums for
2 medical or any other type of remedial care or the cost
3 thereof) —

4 “(A) four-fifths of such expenditures, not counting
5 so much of any expenditure with respect to any month
6 as exceeds the product of \$30 multiplied by the total
7 number of recipients of old-age assistance for such
8 month (which total number, for purposes of this clause
9 and clause (B) and for purposes of clause (2), means
10 (i) the number of individuals who received old-age
11 assistance in the form of money payments for such
12 month, plus (ii) the number of other individuals with
13 respect to whom expenditures were made in such month
14 as old-age assistance in the form of medical or any other
15 type of remedial care) ; plus

16 “(B) the Federal percentage of the amount by
17 which such expenditures exceed the maximum which
18 may be counted under clause (A), but not counting
19 so much of any expenditure with respect to any month
20 as exceeds the product of \$66 multiplied by the total
21 number of such recipients of old-age assistance for such
22 month ;

23 and (2) in the case of Puerto Rico, the Virgin Islands, and
24 Guam, an amount equal to one-half of the total of the sums
25 expended during such quarter as old-age assistance under

1 the State plan (including expenditures for insurance pre-
2 miums for medical or any other type of remedial care or
3 the cost thereof), not counting so much of any expenditure
4 with respect to any month as exceeds \$36 multiplied by the
5 total number of recipients of old-age assistance for such
6 month; and (3) in the case of any State, an amount equal
7 to one-half of the total of the sums expended during such
8 quarter as found necessary by the Secretary of Health, Edu-
9 cation, and Welfare for the proper and efficient administra-
10 tion of the State plan, including services which are provided
11 by the staff of the State agency (or of the local agency
12 administering the State plan in the political subdivision)
13 to applicants for and recipients of old-age assistance to help
14 them attain self-care.”

15 AID TO DEPENDENT CHILDREN

16 SEC. 502. Subsection (a) of section 403 of the Social
17 Security Act is amended to read as follows:

18 “(a) From the sums appropriated therefor, the Secre-
19 tary of the Treasury shall pay to each State which has an
20 approved plan for aid to dependent children, for each quarter,
21 beginning with the quarter commencing October 1, 1958,
22 (1) in the case of any State other than Puerto Rico, the Vir-
23 gin Islands, and Guam, an amount equal to the sum of the
24 following proportions of the total amounts expended during
25 such quarter as aid to dependent children under the State

1 plan (including expenditures for insurance premiums for
2 medical or any other type of remedial care or the cost
3 thereof) —

4 “(A) five-sixths of such expenditures, not counting
5 so much of any expenditure with respect to any month
6 as exceeds the product of \$18 multiplied by the total
7 number of recipients of aid to dependent children for
8 such month (which total number, for purposes of this
9 clause and clause (B) and for purposes of clause (2),
10 means (i) the number of individuals with respect to
11 whom aid to dependent children in the form of money
12 payments is paid for such month, plus (ii) the number
13 of other individuals with respect to whom expenditures
14 were made in such month as aid to dependent children
15 in the form of medical or any other type of remedial
16 care) ; plus

17 “(B) the Federal percentage of the amount by
18 which such expenditures exceed the maximum which
19 may be counted under clause (A), but not counting so
20 much of any expenditure with respect to any month
21 as exceeds the product of \$33 multiplied by the total
22 number of recipients of aid to dependent children for
23 such month;

24 and (2) in the case of Puerto Rico, the Virgin Islands,
25 and Guam, an amount equal to one-half of the total of the

1 sums expended during such quarter as aid to dependent
2 children under the State plan (including expenditures for
3 insurance premiums for medical or any other type of
4 remedial care or the cost thereof), not counting so much
5 of any expenditure with respect to any month as exceeds
6 \$18 multiplied by the total number of recipients of aid to
7 dependent children for such month; and (3) in the case
8 of any State, an amount equal to one-half of the total of the
9 sums expended during such quarter as found necessary by
10 the Secretary of Health, Education, and Welfare for the
11 proper and efficient administration of the State plan, in-
12 cluding services which are provided by the staff of the State
13 agency (or of the local agency administering the State plan
14 in the political subdivision) to relatives with whom such
15 children (applying for or receiving such aid) are living,
16 in order to help such relatives attain self-support or self-
17 care, or which are provided to maintain and strengthen
18 family life for such children.”

19
20 AID TO THE BLIND

21 SEC. 503. Subsection (a) of section 1003 of the Social
22 Security Act is amended to read as follows:

23 “(a) From the sums appropriated therefor, the Secre-
24 tary of the Treasury shall pay to each State which has an
25 approved plan for aid to the blind, for each quarter, begin-
ning with the quarter commencing October 1, 1958, (1)

1 in the case of any State other than Puerto Rico, the Virgin
2 Islands, and Guam, an amount equal to the sum of the
3 following proportions of the total amounts expended during
4 such quarter as aid to the blind under the State plan (in-
5 cluding expenditures for insurance premiums for medical or
6 any other type of remedial care or the cost thereof) —

7 “(A) four-fifths of such expenditures, not counting
8 so much of any expenditure with respect to any month
9 as exceeds the product of \$30 multiplied by the total
10 number of recipients of aid to the blind for such month
11 (which total number, for purposes of this clause and
12 clause (B) and for purposes of clause (2), means
13 (i) the number of individuals who received aid to the
14 blind in the form of money payments for such month,
15 plus (ii) the number of other individuals with respect
16 to whom expenditures were made in such month as
17 aid to the blind in the form of medical or any other
18 type of remedial care) ; plus

19 “(B) the Federal percentage of the amount by
20 which such expenditures exceed the maximum which
21 may be counted under clause (A), but not counting so
22 much of any expenditure with respect to any month as
23 exceeds the product of \$66 multiplied by the total
24 number of such recipients of aid to the blind for such
25 month;

1 and (2) in the case of Puerto Rico, the Virgin Islands, and
2 Guam, an amount equal to one-half of the total of the sums
3 expended during such quarter as aid to the blind under the
4 State plan (including expenditures for insurance premiums
5 for medical or any other type of remedial care or the cost
6 thereof), not counting so much of any expenditure with
7 respect to any month as exceeds \$36 multiplied by the total
8 number of recipients of aid to the blind for such month; and
9 (3) in the case of any State, an amount equal to one-half
10 of the total of the sums expended during such quarter as
11 found necessary by the Secretary of Health, Education, and
12 Welfare for the proper and efficient administration of the
13 State plan, including services which are provided by the staff
14 of the State agency (or of the local agency administering the
15 State plan in the political subdivision) to applicants for and
16 recipients of aid to the blind to help them attain self-support
17 or self-care.”

18 AID TO THE PERMANENTLY AND TOTALLY DISABLED

19 SEC. 504. Subsection (a) of section 1403 of the Social
20 Security Act is amended to read as follows:

21 “(a) From the sums appropriated therefor, the Secre-
22 tary of the Treasury shall pay to each State which has an
23 approved plan for aid to the permanently and totally dis-
24 abled, for each quarter, beginning with the quarter com-
25 mencing October 1, 1958, (1) in the case of any State other

1 than Puerto Rico, the Virgin Islands, and Guam, an amount
2 equal to the sum of the following proportions of the total
3 amounts expended during such quarter as aid to the perma-
4 nently and totally disabled under the State plan (including
5 expenditures for insurance premiums for medical or any
6 other type of remedial care or the cost thereof) —

7 “(A) four-fifths of such expenditures, not counting
8 so much of any expenditure with respect to any month as
9 exceeds the product of \$30 multiplied by the total
10 number of recipients of aid to the permanently and
11 totally disabled for such month (which total number,
12 for purposes of this clause and clause (B) and for pur-
13 poses of clause (2), means (i) the number of individ-
14 uals who received aid to the permanently and totally dis-
15 abled in the form of money payments for such month,
16 plus (ii) the number of other individuals with respect
17 to whom expenditures were made in such month as aid
18 to the permanently and totally disabled in the form of
19 medical or any other type of remedial care) ; plus

20 “(B) the Federal percentage of the amount by
21 which such expenditures exceed the maximum which
22 may be counted under clause (A), but not counting
23 so much of any expenditure with respect to any month
24 as exceeds the product of \$66 multiplied by the total

1 number of such recipients of aid to the permanently
2 and totally disabled for such month;
3 and (2) in the case of Puerto Rico, the Virgin Islands, and
4 Guam, an amount equal to one-half of the total of the sums
5 expended during such quarter as aid to the permanently
6 and totally disabled under the State plan (including ex-
7 penditures for insurance premiums for medical or any other
8 type of remedial care or the cost thereof), not counting
9 so much of any expenditure with respect to any month as
10 exceeds \$36 multiplied by the total number of recipients
11 of aid to the permanently and totally disabled for such
12 month; and (3) in the case of any State, an amount equal to
13 one-half of the total of the sums expended during such
14 quarter as found necessary by the Secretary of Health,
15 Education, and Welfare for the proper and efficient admin-
16 istration of the State plan, including services which are
17 provided by the staff of the State agency (or of the local
18 agency administering the State plan in the political sub-
19 division) to applicants for and recipients of aid to the per-
20 manently and totally disabled to help them attain self-sup-
21 port or self-care.”

22 FEDERAL MATCHING PERCENTAGE

23 SEC. 505. Subsection (a) of section 1101 of the Social
24 Security Act is amended by adding at the end thereof the fol-
25 lowing new paragraph:

1 “(8) (A) The ‘Federal percentage’ for any State
2 (other than Puerto Rico, the Virgin Islands, and Guam)
3 shall be 100 per centum less the State percentage; and
4 the State percentage shall be that percentage which
5 bears the same ratio to 50 per centum as the square of
6 the per capita income of such State bears to the square
7 of the per capita income of the continental United States
8 (excluding Alaska); except that (i) the Federal per-
9 centage shall in no case be less than 50 per centum or
10 more than 70 per centum, and (ii) the Federal per-
11 centage shall be 50 per centum for Alaska and Hawaii.

12 “(B) The Federal percentage for each State (other
13 than Puerto Rico, the Virgin Islands, and Guam) shall
14 be promulgated by the Secretary between July 1 and
15 August 31 of each even-numbered year, on the basis of
16 the average per capita income of each State and of the
17 continental United States (excluding Alaska) for the
18 three most recent calendar years for which satisfactory
19 data are available from the Department of Commerce.
20 Such promulgation shall be conclusive for each of the
21 eight quarters in the period beginning July 1 next suc-
22 ceeding such promulgation: *Provided*, That the Secre-
23 tary shall promulgate such percentage as soon as possi-
24 ble after the enactment of the Social Security Amend-
25 ments of 1958, which promulgation shall be conclusive

1 for each of the eleven quarters in the period beginning
2 October 1, 1958, and ending with the close of June 30,
3 1961.”

4 EXTENSION TO GUAM

5 SEC. 506. Section 1101 (a) (1) of the Social Security
6 Act is amended by striking out “Puerto Rico and the Virgin
7 Islands” and inserting in lieu thereof “Puerto Rico, the Vir-
8 gin Islands, and Guam”.

9 INCREASE IN LIMITATIONS ON PUBLIC ASSISTANCE PAY-
10 MENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

11 SEC. 507. (a) Section 1108 of the Social Security Act is
12 amended by striking out “\$5,312,500” and “\$200,000” and
13 inserting in lieu thereof “\$8,500,000” and “\$300,000”, re-
14 spectively, by striking out “and” immediately following the
15 semicolon, and by adding immediately before the period at
16 the end thereof “; and the total amount certified by the
17 Secretary under such titles for payment to Guam with respect
18 to any fiscal year shall not exceed \$400,000”.

19 (b) The heading of such section is amended to read
20 “LIMITATION ON PAYMENTS TO PUERTO RICO, VIRGIN
21 ISLANDS, AND GUAM”.

22 MATERNAL AND CHILD WELFARE GRANTS FOR GUAM

23 SEC. 508. Such section 1108 is further amended by
24 adding at the end thereof the following new sentence: “Not-

1 withstanding the provisions of sections 502 (a) (2), 512
 2 (a) (2), and 522 (a), and until such time as the Congress
 3 may by appropriation or other law otherwise provide, the
 4 Secretary shall, in lieu of the \$60,000, \$60,000, and
 5 \$60,000, respectively, specified in such sections, allot such
 6 smaller amounts to Guam as he may deem appropriate.”

7 TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS
 8 RELATING TO STATE PLANS FOR AID TO THE BLIND

9 SEC. 509. Section 344 (b) of the Social Security Act
 10 Amendments of 1950 (Public Law 734, Eighty-first Con-
 11 gress), as amended, is amended by striking out “June 30,
 12 1959” and inserting in lieu thereof “June 30, 1961”.

13 SPECIAL PROVISION FOR CERTAIN INDIANS REPEALED

14 SEC. 510. Effective in the case of payments with respect
 15 to expenditures by States, under plans approved under title
 16 I, IV, or X of the Social Security Act, for quarters beginning
 17 after September 30, 1958, section 9 of the Act of April 19,
 18 1950, as amended (25 U. S. C. 639), is repealed.

19 TECHNICAL AMENDMENT

20 SEC. 511. Section 2 (a) (11) of the Social Security
 21 Act is amended by inserting before the period at the end
 22 thereof “, including a description of the steps taken to assure,
 23 in the provision of such services, maximum utilization of
 24 other agencies providing similar or related services”.

EFFECTIVE DATES

SEC. 512. Notwithstanding the provisions of sections 305 and 345 of the Social Security Amendments of 1956, as amended, the amendments made by sections 501, 502, 503, 504, 505, and 506 shall be effective—

(1) in the case of money payments, under a State plan approved under title I, IV, X, or XIV of the Social Security Act, for months after September 1958, and

(2) in the case of assistance in the form of medical or any other type of remedial care, under such a plan, with respect to expenditures made after September 1958.

The amendment made by section 506 shall also become effective, for purposes of title V of the Social Security Act, for fiscal years ending after June 30, 1959. The amendments made by section 507 shall be effective for fiscal years ending after June 30, 1958. The amendment made by section 508 shall be effective for fiscal years ending after June 30, 1959. The amendment made by section 510 shall become effective October 1, 1958.

TITLE VI—MATERNAL AND CHILD WELFARE

CHILD WELFARE SERVICES

SEC. 601. Part 3 of title V of the Social Security Act is amended to read as follows:

1 “PART 3—CHILD-WELFARE SERVICES

2 “APPROPRIATION

3 “SEC. 521. For the purpose of enabling the United
4 States, through the Secretary, to cooperate with State public-
5 welfare agencies in establishing, extending, and strengthen-
6 ing public-welfare services (hereinafter in this title referred
7 to as ‘child-welfare services’) for the protection and care of
8 homeless, dependent, and neglected children, and children
9 in danger of becoming delinquent, there is hereby authorized
10 to be appropriated for each fiscal year, beginning with the
11 fiscal year ending June 30, 1959, the sum of \$17,000,000.

12 “ALLOTMENTS TO STATES

13 “SEC. 522. (a) The sums appropriated for each fiscal
14 year under section 521 shall be allotted by the Secretary
15 for use by cooperating State public-welfare agencies which
16 have plans developed jointly by the State agency and the
17 Secretary, as follows: He shall allot to each State such por-
18 tion of \$60,000 as the amount appropriated under section
19 521 for such year bears to the amount authorized to be so
20 appropriated; and he shall allot to each State an amount
21 which bears the same ratio to the remainder of the sums so
22 appropriated for such year as the product of (1) the popula-
23 tion of such State under the age of 21 and (2) the allot-
24 ment percentage of such State (as determined under section

1 524) bears to the sum of the corresponding products of all
2 the States.

3 “(b) (1) If the amount allotted to a State under sub-
4 section (a) for any fiscal year is less than such State’s base
5 allotment, it shall be increased to such base allotment, the total
6 of the increases thereby required being derived by propor-
7 tionately reducing the amount allotted under subsection (a)
8 to each of the remaining States, but with such adjustments
9 as may be necessary to prevent the allotment of any such
10 remaining State under subsection (a) from being thereby
11 reduced to less than its base allotment.

12 “(2) For purposes of paragraph (1) the base allot-
13 ment of any State for any fiscal year means the amount
14 which would be allotted to such State for such year under
15 the provisions of section 521, as in effect prior to the enact-
16 ment of the Social Security Amendments of 1958, as applied
17 to an appropriation of \$12,000,000.

18 “PAYMENT TO STATES

19 “SEC. 523. (a) From the sums appropriated therefor
20 and the allotment available under section 522, the Secretary
21 shall from time to time pay to each State with a plan for
22 child-welfare services developed as provided in such section
23 522 an amount equal to the Federal share (as determined
24 under section 524) of the total sum expended under such
25 plan (including the cost of administration of the plan) in

1 meeting the costs of district, county, or other local child-
2 welfare services, in developing State services for the encour-
3 agement and assistance of adequate methods of community
4 child-welfare organization, in paying the costs of returning
5 any runaway child who has not attained the age of eighteen
6 to his own community in another State, and of maintaining
7 such child until such return (for a period not exceeding fifteen
8 days), in cases in which such costs cannot be met by the
9 parents of such child or by any person, agency, or institution
10 legally responsible for the support of such child: *Provided,*
11 That in developing such services for children the facilities and
12 experience of voluntary agencies shall be utilized in accord-
13 ance with child-care programs and arrangements in the States
14 and local communities as may be authorized by the State.

15 “(b) The method of computing and paying such amounts
16 shall be as follows:

17 “(1) The Secretary shall, prior to the beginning of each
18 period for which a payment is to be made, estimate the
19 amount to be paid to the State for such period under the
20 provisions of subsection (a).

21 “(2) From the allotment available therefor, the Secre-
22 tary shall pay the amount so estimated, reduced or increased.
23 as the case may be, by any sum (not previously adjusted
24 under this section) by which he finds that his estimate of the
25 amount to be paid the State for any prior period under this

1 section was greater or less than the amount which should
2 have been paid thereunder to the State for such prior period.

3 “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

4 “SEC. 524. (a) The ‘allotment percentage’ for any
5 State shall be 100 per centum less the State percentage;
6 and the State percentage shall be that percentage which
7 bears the same ratio to 50 per centum as the per capita in-
8 come of such State bears to the per capita income of the con-
9 tinental United States (excluding Alaska); except that
10 (A) the allotment percentage shall in no case be less than
11 30 per centum or more than 70 per centum, and (B) the
12 allotment percentage shall be 50 per centum in the case of
13 Alaska and 70 per centum in the case of Puerto Rico, the
14 Virgin Islands, and Guam.

15 “(b) For the fiscal year ending June 30, 1960,
16 and each year thereafter, the ‘Federal share’ for any State
17 shall be 100 per centum less that percentage which bears
18 the same ratio to 50 per centum as the per capita income of
19 such State bears to the per capita income of the continental
20 United States (excluding Alaska), except that (1) in no
21 case shall the Federal share be less than $33\frac{1}{3}$ per centum
22 or more than $66\frac{2}{3}$ per centum, and (2) the Federal share
23 shall be 50 per centum in the case of Alaska and $66\frac{2}{3}$ per
24 centum in the case of Puerto Rico, the Virgin Islands, and
25 Guam. For the fiscal year ending June 30, 1959, the

1 Federal share shall be determined pursuant to the provisions
2 of section 521 as in effect prior to the enactment of the
3 Social Security Amendments of 1958.

4 “(c) The Federal share and the allotment percentage
5 for each State shall be promulgated by the Secretary between
6 July 1 and August 31 of each even-numbered year, on the
7 basis of the average per capita income of each State and of
8 the continental United States (excluding Alaska) for the
9 three most recent calendar years for which satisfactory data
10 are available from the Department of Commerce. Such
11 promulgation shall be conclusive for each of the two fiscal
12 years in the period beginning July 1 next succeeding such
13 promulgation: *Provided*, That the Secretary shall promul-
14 gate such Federal shares and allotment percentages as soon
15 as possible after the enactment of the Social Security Amend-
16 ments of 1958, which promulgation shall be conclusive for
17 each of the 3 fiscal years in the period ending June 30, 1961.

18 “REALLOTMENT

19 “SEC. 525. The amount of any allotment to a State
20 under section 522 for any fiscal year which the State certifies
21 to the Secretary will not be required for carrying out the
22 State plan developed as provided in such section shall be
23 available for reallootment from time to time, on such dates as
24 the Secretary may fix, to other States which the Secretary
25 determines (1) have need in carrying out their State plans

1 so developed for sums in excess of those previously allotted
2 to them under that section and (2) will be able to use such
3 excess amounts during such fiscal year. Such reallocations
4 shall be made on the basis of the State plans so developed,
5 after taking into consideration the population under the age
6 of twenty-one, and the per capita income of each such
7 State as compared with the population under the age of
8 twenty-one, and the per capita income of all such States
9 with respect to which such a determination by the Secretary
10 has been made. Any amount so reallocated to a State shall
11 be deemed part of its allotment under section 522."

12 MATERNAL AND CHILD HEALTH

13 SEC. 602. (a) Section 501 of such Act is amended by
14 striking out "for the fiscal year ending June 30, 1951, the
15 sum of \$15,000,000, and for each fiscal year beginning after
16 June 30, 1951, the sum of \$16,500,000" and inserting in
17 lieu thereof "for each fiscal year beginning after June 30,
18 1958, the sum of \$21,500,000".

19 (b) Section 502 (a) (2) of such Act is amended by
20 striking out "for each fiscal year beginning after June 30,
21 1951, the Administrator shall allot \$8,250,000 as follows:
22 He shall allot to each State \$60,000 and shall allot to each
23 State such part of the remainder of the \$8,250,000" and
24 inserting in lieu thereof "for each fiscal year beginning after
25 June 30, 1958, the Secretary shall allot \$10,750,000 as

1 follows: He shall allot to each State \$60,000 (even though
2 the amount appropriated for such year is less than \$21,-
3 500,000), and shall allot each State such part of the re-
4 mainder of the \$10,750,000”.

5 (c) Section 502 (b) of such Act is amended by
6 striking out “the fiscal year ending June 30, 1951, the
7 sum of \$7,500,000, and for each fiscal year beginning after
8 June 30, 1951, the sum of \$8,250,000” and inserting in
9 lieu thereof “each fiscal year beginning after June 30, 1958,
10 the sum of \$10,750,000”.

11 CRIPPLED CHILDREN’S SERVICES

12 SEC. 603. (a) Section 511 of such Act is amended by
13 striking out “for the fiscal year ending June 30, 1951, the
14 sum of \$12,000,000, and for each fiscal year beginning
15 after June 30, 1951, the sum of \$15,000,000” and inserting
16 in lieu thereof “for each fiscal year beginning after June 30,
17 1958, the sum of \$20,000,000”.

18 (b) Section 512 (a) (2) of such Act is amended by
19 striking out “for each fiscal year beginning after June 30,
20 1951, the Administrator shall allot \$7,500,000 as follows:
21 He shall allot to each State \$60,000, and shall allot the
22 remainder of the \$7,500,000” and inserting in lieu thereof
23 “for each fiscal year beginning after June 30, 1958, the
24 Secretary shall allot \$10,000,000 as follows: He shall allot
25 to each State \$60,000 (even though the amount appropri-

1 ated for such year is less than \$20,000,000) and shall allot
2 the remainder of the \$10,000,000”.

3 (c) Section 512 (b) of such Act is amended by strik-
4 ing out “the fiscal year ending June 30, 1951, the sum of
5 \$6,000,000, and for each fiscal year beginning after June
6 30, 1951, the sum of \$7,500,000” and inserting in lieu
7 thereof “each fiscal year beginning after June 30, 1958, the
8 sum of \$10,000,000”.

9 TITLE VII—MISCELLANEOUS PROVISIONS

10 FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH, 11 EDUCATION, AND WELFARE

12 SEC. 701. Section 1106 (b) of the Social Security Act
13 is amended to read as follows:

14 “(b) Requests for information, disclosure of which is
15 authorized by regulations prescribed pursuant to subsection
16 (a) of this section, and requests for services, may, subject
17 to such limitations as may be prescribed by the Secretary to
18 avoid undue interference with his functions under this Act,
19 be complied with if the agency, person, or organization
20 making the request agrees to pay for the information or serv-
21 ices requested in such amount, if any (not exceeding the cost
22 of furnishing the information or services), as may be deter-
23 mined by the Secretary. Payments for information or serv-
24 ices furnished pursuant to this section shall be made in ad-

1 vance or by way of reimbursement, as may be requested by
2 the Secretary, and shall be deposited in the Treasury as a
3 special deposit to be used to reimburse the appropriations
4 (including authorizations to make expenditures from the
5 Federal Old-Age and Survivors Insurance Trust Fund and
6 the Federal Disability Insurance Trust Fund) for the unit
7 or units of the Department of Health, Education, and Wel-
8 fare which furnished the information or services.”

9 COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXMPT

10 ORGANIZATIONS WHICH PAID TAX

11 SEC. 702. (a) Section 403 (a) (1) of the Social
12 Security Amendments of 1954 is amended by striking out
13 “has failed to file prior to the enactment of the Social Security
14 Amendments of 1956” and inserting in lieu thereof “did
15 not have in effect, during the entire period in which the
16 individual was so employed,”.

17 (b) Section 403 (a) (3) of the Social Security
18 Amendments of 1954 is amended by inserting “performed
19 during the period in which such organization did not have
20 a valid waiver certificate” after “service”.

21 (c) Section 403 (a) (5) of the Social Security
22 Amendments of 1954 is amended by inserting “without
23 knowledge that a waiver certificate was necessary, or” after
24 “in good faith and”.

1 MEANING OF TERM "SECRETARY"

2 SEC. 703. As used in the provisions of the Social Secu-
3 rity Act amended by this Act, the term "Secretary", unless
4 the context otherwise requires, means the Secretary of
5 Health, Education, and Welfare.

6 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL-
7 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND
8 DISABILITY INSURANCE

9 SEC. 704. Section 1 (q) of the Railroad Retirement
10 Act of 1937, as amended, is amended by striking out "1957"
11 and inserting in lieu thereof "1958".

 Passed the House of Representatives July 31, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

August 1, 1958

Read twice and referred to the Committee on Finance

11. SUPPLEMENTAL APPROPRIATION BILL, 1959. Began debate on this bill, H. R. 13450 (pp. 16141, 16142, 16154, 16173, 16229-51, 16259). Rejected an amendment by Sen. Sparkman, 31 to 47, which would have appropriated \$75,000 for farm housing research by land-grant colleges (pp. 16233-38).
Attached is a table reflecting the actions of the Appropriations Committee in reporting the bill, and excerpts from the Committee report, as they affect this Department. The Committee also made various other changes including the following:
Increased from \$2,750,000 to \$2,850,000 the item for administration of the Ryukyu Islands, under the Army Department, with an authorization for the President to transfer any of this work to other departments. Added an item of \$5,100,000 for purchase of foreign currencies (pursuant to Public Law 480) for disseminating scientific and technological information and supporting scientific activities overseas (at the discretion of the President), to remain available until expended. Added an item of \$2,915,000 for Office of Defense and Civilian Mobilization.
12. ADMINISTRATIVE ORDERS. Passed without amendment H. R. 6788, to authorize the abbreviation of the record on the review or enforcement of orders of administrative agencies by the courts of appeals and the review or enforcement of such orders on the original papers and to make uniform the laws relating thereto. This bill will now be sent to the President. p. 16175
13. FARM LABOR. Passed without amendment S. 4232, to extend the Mexican farm labor program for 1 year, to June 30, 1960. p. 16176
14. PURCHASING. Passed with amendments S. 3224, to assist small business firms to obtain a fair share of Government purchases and contracts and to expedite Government procurement. pp. 16176-7
15. VIRGIN ISLANDS. Passed as reported H. R. 12226, to extend until June 30, 1969, the charter of the Virgin Islands Corporation, including new authority to operate salt water distillation facilities and continuation of authority for sugar production. p. 16183
16. HUMANE SLAUGHTER. Sen. Purtell inserted the letter he and Sens. Humphrey and Neuberger sent to the President urging him to sign the humane slaughter bill. p. 16202
Sen. Humphrey commended Christian P. Norgord, former Washington representative of the American Humane Ass'n, for his work on behalf of humane slaughter legislation. p. 16258
17. RESEARCH. The Labor and Public Welfare Committee reported with amendment S. 3268, to provide various amendments to the National Science Foundation Act (S. Rept. 2367). p. 16127
18. SOCIAL SECURITY. The Finance Committee reported with amendment H. R. 13549, to increase the annuities under the Social Security Act (S. Rept. 2388). p. 16127
19. ELECTRIFICATION. The Public Works Committee reported without amendment S. 3571, to provide for equal treatment of all State-owned hydroelectric power projects with respect to the taking over of such projects by the U. S. (S. Rept. 2377). p. 16127
Sen. Murray urged additional funds for construction of the Yellowtail Dam of the Missouri River Basin to provide additional electric power. pp. 16169-70

20. FORESTRY. Agreed to the conference report on S. 3051, to amend the act terminating Federal supervision over the Klamath Indian Tribe by providing alternatives for private or Federal acquisition of the part of the tribal forest that must be sold. This bill will now be sent to the President. pp. 16203-07
Sen. Morse inserted correspondence with the Small Business Administration and lumber organizations discussing a small business set-aside program for timber. pp. 16252-54
21. PERSONNEL. Passed without amendment H. R. 1168, to restore the pay of officers or employees to the grade level held before downgrading in certain cases. This bill will now be sent to the President. p. 16183
The Joint Committee on Reduction of Nonessential Federal Expenditures submitted a report on Federal employment and pay for June 1958. pp. 16128-31
22. RECLAMATION. In compliance with the resolution passed by both Houses the President returned enrolled bill S. 4002, to authorize the Gray Reef Dam and Reservoir of the Glendo unit, Missouri River Basin project. p. 16124
23. NOMINATIONS. The Post Office and Civil Service Committee ordered reported the nomination of Barbara Bates Gunderson to be a Civil Service Commissioner. p. D851
Confirmed the nomination of Bertha S. Adkins to be Under Secretary of the Department of Health, Education, and Welfare. p. 16126
24. WATER RESOURCES. Sen. Johnson stated that Texas needed a comprehensive plan for development of its water resources and announced that he planned to call up his bill S. 4266, to provide for a Federal study commission of Texas river basins, at an early date. pp. 16166, 16170
25. MILITARY CONSTRUCTION. Passed with amendments H. R. 13489, the military construction appropriation bill for 1959. Senate conferees were appointed. House conferees have not been appointed. pp. 16170, 16171-3
26. LEGISLATIVE PROGRAM. Sen. Johnson announced that he expected the Senate would consider the social security bill today, Aug. 15. p. 16170

ITEMS IN APPENDIX

27. FARM PROGRAM. Extension of remarks of Rep. Gubser citing the British decision to establish commercial import quotas instead of relying on aid shipments for fruits as an example of the results achieved by Secretary Benson's use of market development instead of subsidization. p. A7279
Rep. Whitener inserted an editorial urging passage of farm legislation to allow higher acreage allotments for cotton and rice farmers. p. A7301
Sen. Langer inserted a Farmers' Union-GTA broadcast opposing passage of any farm legislation lowering price supports. pp. A7317-18
Sen. Yarborough inserted an article urging passage of the farm bill to maintain cotton acreage allotments. p. A7325
28. SURPLUS FOOD. Sen. Bridges inserted an editorial opposing shipment of food abroad and urging that surpluses be stored in the U. S. for civil defense purposes. p. A7260
29. MEXICAN FARM LABOR. Rep. Hosmer inserted an article commending the operation of the Mexican Farm Labor program in reducing the number of illegal transients across the U. S.-Mexico border. pp. A7334-5

SOCIAL SECURITY AMENDMENTS OF 1958

AUGUST 14, 1958.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 13549]

The Committee on Finance, to whom was referred the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

ORGANIZATION OF THE REPORT

The committee approved bill would amend three important parts of the Social Security Act. Old-age, survivors and disability insurance, title II; Public Assistance, titles I, IV, X, and XIV; and Maternal and Child Welfare, title V. Sections I, II, and III of this report are concerned primarily with old-age, survivors, and disability insurance. Section IV is concerned with public assistance and maternal and child welfare, and section V is a section-by-section analysis of the bill.

I. PURPOSE AND SCOPE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS

The old-age and survivors insurance benefit structure and the contribution schedule by which the benefits are financed have not been revised by the Congress since 1954. Since that date there have been significant increases in wages and prices; also, new cost estimates have shown an increase in the actuarial deficit of the program. In the

light of these developments, the committee believes that the Congress should take prompt action to assure that the program be kept both effective and actuarially sound.

Twelve million now rely on monthly checks from the social-security system as the foundation of their economic security. For the overwhelming majority of these aged and disabled persons, widows and orphans, these benefits are the major source of their support. As prices have risen in recent years the purchasing power of social-security benefits has been cut.

Moreover, there are 75 million people who are currently contributing under the social-security program toward the benefits that they and their families will need when they in their turn become too old or too disabled to work or when they die. These 75 million persons, together with their dependents, represent practically all Americans not already in the retired group. The benefit protection toward which these workers are contributing has been deteriorating in relation to the wages they are now earning. For although wages have gone up, the system has not been adjusted to take this fact into account. In a dynamic economy such as ours it is necessary that the social-security system be periodically amended to keep up to date the maximum earnings base which governs how much of each worker's annual earnings is subject to contributions and counted toward his social-security protection, in order to keep benefit amounts generally in line with changing prices, wages, and levels of living.

The latest long-range cost estimates prepared by the Chief Actuary of the Social Security Administration show that the old-age and survivors insurance part of the program (as distinct from the disability part) is further out of actuarial balance than it had been expected to be. When the last major changes were made in 1956 the estimates prepared at that time showed an expected long-range actuarial deficit for old-age and survivors insurance of two-tenths of 1 percent of payroll on an intermediate cost basis. More recent estimates show that the old-age and survivors insurance part of the program is now expected to be out of balance by fifty-seven one-hundredths of 1 percent of payroll.

The disability insurance part of the program, on the other hand, shows a definite actuarial surplus. This is not unexpected, since the benefits that were provided when disability insurance protection was first made a part of the social-security program in 1956 were put on a conservative basis. Not only are the contributions imposed for the purpose of financing the disability side of the program fully adequate to meet outgo, so far as can be determined at this time, but there is some room for improvements in the protection afforded to disabled workers and their families.

Your committee believes that there are four major ways in which the old-age survivors and disability insurance programs should be improved. In addition, the committee has approved certain improvements in the public assistance and maternal and child welfare programs which are discussed later in this report.

The committee-approved bill would make the following major changes in the OASDI programs:

1. The financial basis of the old-age, survivors, and disability insurance program would be strengthened so as to make certain that it is sound.

2. Old-age, survivors, and disability insurance benefit amounts would be increased.

3. The maximum limitation on the annual amount of earnings that can be credited toward benefits and taxed for old-age, survivors, and disability insurance purposes would be increased.

4. The disability insurance provisions of the program would be improved through the provision of benefits for dependents of disabled workers, through the elimination of the provision offsetting certain other disability benefits, and in other ways.

A. STRENGTHENING THE FINANCIAL BASIS OF THE SYSTEM

In addition to the need for action to reduce the insufficiency in the financing of old-age and survivors insurance over the long range, there is need for action to improve the condition of the system over the next few years. This year, for the first time in the 18 years since benefits were first paid, the income to the old-age and survivors insurance trust fund is slightly less than the expenditures from the fund. If no changes are made, outgo will continue to exceed income in each year until 1965. A situation where outgo exceeds income for 7 or 8 years is one that should not be permitted to continue. Public confidence in the system—so necessary if it is to provide real security for the people—may be impaired if the trust fund continues to decline.

These considerations have led the committee to approve the provision of the House bill under which a new schedule of contribution rates would be put into effect immediately.

B. INCREASE IN BENEFIT AMOUNTS

The committee believes that adjustments in old-age, survivors, and disability insurance benefit amounts are necessary at this time. Since the last benefit increase was put into effect in 1954, wages have increased by about 12 percent and prices by 8 percent. The generally higher level of the economy means that a benefit increase is required now if the program is to continue to be effective and if the serious hardships beneficiaries are facing are to be relieved.

A survey of beneficiaries made by the Department of Health, Education, and Welfare in December 1957 showed that for most beneficiaries old-age and survivors insurance benefits constitute the major source of income. Of the married couples on the benefit rolls, 12 percent had no income other than their benefits, and 60 percent had less than \$1,200 of such other income. If only permanent retirement income is considered, 30 percent of the married couples had no such income other than their old-age and survivors insurance benefits, and only 20 percent had as much as \$1,200 of such other income. The situation of single retired workers and of aged widow beneficiaries is less favorable than that of the married couples. Clearly, since their benefits are such an important part of their income, the beneficiaries will be in real need if benefit amounts are not adjusted in the light of rising prices, wages, and levels of living.

C. INCREASE IN THE MAXIMUM EARNINGS BASE

Provision is made in the committee-approved bill, as in the House bill, for increasing from \$4,200 to \$4,800 the maximum on the annual amount of earnings on which workers pay social-security taxes and which count in the computation of their benefits. The committee believes the rise in earnings levels makes such an increase appropriate. If the earnings base is not increased as wages rise, the wage-related character of the system will be weakened and eventually lost. In 1950 about 64 percent of regularly employed men would have had all their wages credited toward benefits under the \$3,600 base that was adopted in that year. The \$4,200 earnings base adopted in 1954 would have covered all the wages of about 56 percent of such workers. In 1957 only 43 percent had all their wages credited; about 56 percent would have received full credit under a \$4,800 base. An increase to \$4,800 would restore the situation which prevailed in 1954 and thus, in our opinion, would be a conservative adjustment to the rise in wages that has taken place.

D. IMPROVEMENTS IN DISABILITY PROTECTION

The Social Security Amendments of 1956 extended the insurance protection of the social security program to provide monthly benefits for insured workers who are no longer able to work because of an extended total disability. The disability provisions that were decided upon at that time were purposely conservative in order to reduce to a minimum the problems that are inevitable in a new program of this kind. It was expected that, as experience under these provisions was gained, and as the soundness of the program was confirmed by this experience, necessary improvements would follow. In recognition of the favorable experience that has developed not only under the cash benefit provisions but also under the so-called disability freeze provisions that have been in effect since 1955, both the House and the committee-approved bills broaden the protection now provided against the risk of extended, total disability. They also remove certain provisions that have proved unnecessarily strict and, in some situations, have caused inequities.

All of the recommended improvements in the disability provisions of the program can be adequately financed from the contributions already earmarked for the Federal Disability Insurance Trust Fund.

(1) *Benefits for dependents of disability insurance beneficiaries*

Both the House and the committee-approved bills provide additional protection for the families of disabled workers. Present law provides monthly benefits for disabled workers who have attained age 50, but no provisions are made for the dependents of these people. This is a serious gap in the protection provided under the program. Accordingly, the committee-approved bill, like the House bill, provides for monthly benefits for the dependents of disability insurance beneficiaries. These benefits would parallel those now provided for the dependents of retired workers.

(2) *Elimination of the disability benefits offset provision*

Both the House bill and the committee-approved bill would eliminate the disability benefits offset provision of present law. This

provision requires that the monthly social security benefits payable to disabled workers (and those payable to persons disabled in childhood) be reduced by the amount of any periodic benefit payable on account of disability under other Federal programs (other than veteran's compensation) or a State workmen's compensation system. The application of this requirement has produced inequitable effects.

The committee believes that disability benefits payable under the national social security system should be looked upon as providing the basic protection against loss of income due to disabling illness, and we have concluded that it is undesirable, and incompatible with the purposes of the program, to reduce these benefits on account of disability benefits that are payable under other programs.

(3) Retroactivity for applications for disability benefits and the disability freeze

Both the House bill and the committee-approved bill also would make two changes in the disability provisions of the program that are designed to protect the benefit rights of disabled workers. To avoid penalizing disabled workers who do not file timely applications for disability benefits, both bills include a provision under which these benefits, like old-age insurance benefits, may be payable retroactively for as many as 12 months before the month in which the worker applies for them. For a similar reason—to assure that disabled workers who are eligible to preserve their benefit status through the present disability freeze provision are not precluded from doing so only because they fail to file timely applications for a disability freeze—the bills provide for a 3-year postponement of the present deadline, June 30, 1958, for filing fully retroactive disability freeze applications.

(4) Modifications in the work requirements for eligibility for disability protection

Under present law a disabled worker may fail to qualify for disability insurance benefits or a disability freeze only because he did not work in covered employment during the last year or two before his impairment developed into a total disability. A disabled worker in this unfortunate position is likely to be one who, because he has a progressive illness, is unemployed for quite a few months before his impairment meets the law's requirement of disability for all substantial gainful employment. The committee-approved bill, like the House bill, would alleviate this problem by relaxing the present recency-of-work test. The work requirements for eligibility for disability benefits and for the disability freeze would be made identical—the worker would have to be fully insured and have about 5 years of covered work out of the last 10 years before his disability began.

In addition to the four major areas of improvements outlined above, the House bill and the committee-approved bill provide for less important but nevertheless significant changes in the old-age, survivors, and disability insurance program. These changes will clear up certain inequitable situations under present law, will improve family protection, will make it easier for certain groups to obtain coverage under the program, and will facilitate administration of the program. These changes are spelled out in more detail in parts II and III of this report.

J. FINANCIAL BASIS OF PROGRAM

The total cost of the benefit proposals included in the committee bill is 0.59 percent of payroll so far as the old-age and survivors insurance part of the program is concerned. The increased revenue to the program that would result from the changes in the tax schedule and in the maximum earnings base would amount to 0.91 percent of payroll. Thus there would be an excess of income over outgo resulting from the proposals in the bill of 0.32 percent of payroll on the level-premium basis. Since under present law it is estimated that the actuarial deficit in the program amounts to 0.57 percent of payroll the net result of the bill would be to place the program in a position where it had an estimated actuarial deficit of 0.25 percent. This very substantial improvement in the financial basis of the program brings the anticipated deficit well within the range that will permit the program to be considered actuarially sound.

Not only will the long-range financial picture be improved, but for the short range, too, the program will be more adequately financed. Under present law the OASI trust fund is expected to incur a deficit in every year from now until 1965. Under the committee bill, on the other hand, income will exceed outgo in every year from 1960 on for several decades, and even in 1959 the deficit will be substantially cut. Moreover, the ultimate combined tax rate—9 percent under the committee bill—will be reached in 1969 rather than in 1975, so that the time when the true cost of the program becomes apparent in current tax rates will be reached sooner and contributors will pay more nearly what the benefits are worth.

II. SUMMARY OF PRINCIPAL PROVISIONS OF THE BILL

A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS

1. Individuals now on the benefit rolls and all future beneficiaries would have their benefits increased by about 7 percent, more at the minimum, over the levels provided in the present law. The minimum increase in the benefit of a worker who retired at or after age 65 would be \$3. The average increase for workers now retired would be about \$4.75. The increased benefits would be effective for January 1959; the first checks in the increased amounts would go out early in February. (Under the House bill, the increases would be effective for months after the second month following the month of enactment.)

2. The dollar ceiling on the total of benefits payable to a family would be raised from \$200 to \$254, which is equivalent to twice the maximum retirement benefit payable.

3. The total annual earnings on which benefits could be computed (and on which contributions would be paid) would be raised from \$4,200 to \$4,800, effective January 1, 1959.

4. Benefits would be provided for the dependents of disabled workers like those now provided for the dependents of retired workers.

5. The provision that now requires payments under certain other disability benefit systems to be offset against social security disability benefits would be repealed, so that a person eligible for a social security disability benefit and also for disability benefit under another system would receive the full amount of his social security benefit.

6. The work requirements that a disabled worker must meet to be eligible for cash disability benefits, and to have his benefit rights frozen while he is disabled, would be changed to make it easier for a disabled worker whose disability has a gradual onset to qualify. Under the bill, the worker would no longer be required to have had 6 quarters of coverage out of the 13 calendar quarters before he became disabled. (He would be required to be fully insured and to have 20 quarters of coverage out of the 40 calendar quarters before he became disabled.)

7. Disability insurance benefits (like all other benefits now provided) would be paid for as much as 12 months before the month in which an application for the benefits is filed. Present law contains no provision for retroactive disability insurance payments.

8. The June 30, 1958, deadline for filing fully retroactive applications for the disability freeze would be postponed for 3 years.

9. The law would be changed to provide that a person whose earnings exceed \$1,200 in a year will not lose a benefit under the retirement test for any month in which he has earned wages of \$100 or less, rather than \$80 or less as under present law.

10. Where earnings exceed the amount allowed under the retirement test without loss of benefits, the excess earnings would be charged to months beginning with the first month of the year. Under present law the excess is charged to months in reverse order beginning with the end of the year. The change means that where an individual's or a family's benefits are increased during a year, the benefits suspended by reason of earnings will be the smaller ones that were payable for the early months of the year.

11. The law would be changed to provide that where a person over age 18 is the child of a deceased or retired insured worker and has been disabled since before age 18, benefits would, in general, be paid to the child without requiring the proof required under present law that he has been dependent upon the worker for his support. The change would make the requirement for the disabled adult child the same as for the child under age 18.

12. Benefits would be provided for the dependent parent of a deceased worker even though there is a widow or child of the worker who is or may become eligible for benefits. Under present law a parent can qualify only if there is no such widow or child.

13. A lump sum would be paid to the widow of a deceased worker only if she was living in the same household with him or has paid his burial expenses.

14. Benefits would be paid to a child if the child had been living in the worker's household, if the child had not been supported by anyone else, and if he was adopted by the widow of the worker within 2 years after the worker died.

15. Benefits would be paid to the mother of a child if the child had been adopted by the mother's deceased husband even though they had not been married for as long as a year.

16. Benefits would be paid to the adopted child of a retired worker even though the child had not been adopted for as long as 3 years.

17. Where a survivor of a deceased worker was (or might at retirement age become) eligible for benefits based on the worker's earnings

but loses eligibility by remarriage, the survivor could become eligible, immediately or upon attainment of retirement age, for benefits on her second husband's earnings record.

18. Where two secondary beneficiaries age 18 or over marry each other, for example, the dependent parent of one worker and the widow of another, the payment of benefits to both beneficiaries would be continued. Under present law, both lose benefits. Childhood disability benefits would be continued when the person receiving them marries a person receiving old-age or disability benefits.

19. Changes would be made in the coverage provisions of the program: (1) to facilitate coverage of certain State and local government employees who are in positions covered by a retirement system; (2) to permit limited retroactive coverage for employees of certain nonprofit organizations; (3) to extend coverage to certain turpentine workers; (4) to provide social security credits for earnings which a person has from a partnership during the year of his death; and (5) to provide that social security wage credits of \$160 will be credited for each month of service performed during World War II by American citizens in the armed forces of certain countries which fought against our enemies in that war.

20. Several changes in technical provisions would be made to facilitate administration of the program.

21. The tax rates now scheduled in the law would be increased by one-fourth of 1 percent each for employees and employers, and three-eighths of 1 percent for the self-employed, above the rates now scheduled, and the scheduled increases in the rates would take place every 3 years instead of every 5 years. The revised schedule would be as follows:

[Percent]

	Employers	Employees	Self-employed
1959.....	2½	2½	3¾
1960-62.....	3	3	4½
1963-65.....	3½	3½	5¼
1966-68.....	4	4	6
1969 and thereafter.....	4½	4½	6¾

B. PUBLIC ASSISTANCE PROVISIONS

The bill provides a new formula for Federal participation in public assistance providing additional funds to all States and maximum flexibility in meeting medical care needs and other special needs. The formula also recognizes the limited fiscal capacity of the lower income States.

It extends the public assistance program to Guam, increases the Federal fund limitations for Puerto Rico and the Virgin Islands, and extends for 2 years a special provision applying to blind programs in Missouri and Pennsylvania.

C. MATERNAL AND CHILD WELFARE PROVISIONS

Authorizations are increased: for maternal and child health from \$16.5 million to \$21.5 million, for crippled children's services from \$15 million to \$20 million, and for child welfare services from \$12 million to \$17 million.

In the child welfare services program existing differences in treatment of urban and rural children are eliminated and appropriate allotment and matching provisions are included.

All three programs are extended to Guam.

III. DISCUSSION OF OLD-AGE, SURVIVORS, AND DISABILITY PROVISIONS

A. INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

(1) *General*

The committee-approved bill would, like the House bill, raise the level of benefit payments to reflect changes in the economy and to assist in providing more adequate basic protection for beneficiaries.

(2) *Increase in benefit amounts*

The bill would provide for an increase of about 7 percent over the levels provided in the present law, with a minimum increase of \$3 in the benefits payable to a retired worker who came on the rolls at or after age 65. Proportionate but slightly smaller increases, due to the actuarial reduction, would be received by women workers who elected to retire before age 65.

For retired workers now on the benefit rolls, monthly payments would range from \$33 to \$116, as compared with \$30 to \$108.50 under present law. For those coming on the rolls in the future, the range of benefit payments, taking into account the increased earnings base, would be from \$33 to \$127, although it will be many years before anyone will be able to get the maximum amount.

Table A presents illustrative benefit amounts for various family groups under the bill as compared with present law.

(3) *Family benefits*

The bill would make a change in the maximum amount of monthly benefits payable to a family on the basis of an insured worker's earnings record. The bill would raise the present \$200 per month limitation on family benefits to \$254, an amount equal to twice the maximum benefit provided by the bill for a retired worker. The minimum benefit payable where there is only one survivor beneficiary would be increased from \$30 to \$33.

(4) *Benefit table to replace formulas and conversion table*

The bill would provide for a consolidated benefit table to be used in determining benefit amounts both with respect to future beneficiaries and those now on the benefit rolls. This benefit table would replace the formulas and table now in the law. It is believed to constitute an improvement in the method of determining benefit amounts by making it easier for covered workers and beneficiaries to determine what benefits they are entitled to, and by simplifying the benefit-computation process.

In essence, this benefit table is based on the 1954 act benefit formula increased by 7 percent. The table, however, yields slightly higher benefits for very low average wages so as to reflect a minimum increase of \$3. Amounts for retired workers have, in general, been rounded to the nearest dollar.

Effective date of benefit increase.—The House bill provided that the increased benefits would be payable for months following the second month after the month of enactment of the bill. If the bill should be enacted in August, the increased benefits would become payable beginning with November 1958. The committee believes that the increased benefits should not become payable in advance of the time when the increased tax rates that the bill would provide will become effective. The committee-approved bill, therefore, provides for payment of the increased benefits for months beginning with January 1959.

TABLE A.—*Illustrative monthly benefits payable under present law and H. R. 13549*

Average monthly earnings	Old-age benefits				Survivors' benefits			
	Worker ¹		Man and wife ²		Widow, widower, child or parent		Widow and 2 children	
	Present law	Bill	Present law	Bill	Present law	Bill	Present law	Bill
\$50-----	\$30.00	\$33	\$45.00	\$49.50	\$30.00	\$33.00	\$50.20	\$53.10
\$100-----	55.00	59	82.50	88.50	41.30	44.30	82.60	88.60
\$150-----	68.50	73	102.80	109.50	51.40	54.80	120.00	120.00
\$200-----	78.50	84	117.80	126.00	58.90	63.00	157.10	161.60
\$250-----	88.50	95	132.80	142.50	66.40	71.30	177.20	190.10
\$300-----	98.50	105	147.80	157.50	73.90	78.80	197.10	210.20
\$350-----	108.50	116	162.80	174.00	81.40	87.00	200.00	232.00
\$400-----	(³)	127	(³)	190.50	(³)	95.30	(³)	254.10

¹ Worker aged 65 or over at time of retirement, and wife aged 65 or over at the time when she comes on the rolls.

² Survivor benefit amounts for a widow and 1 child or for 2 parents would be the same as for a man and wife.

³ Not applicable since maximum average monthly earnings amount possible is \$350.

B. EARNINGS BASE

Under the committee's bill the maximum amount of annual covered earnings counted for tax and benefit purposes would be raised from \$4,200 to \$4,800, effective January 1, 1959. This change gives recognition to the principle that benefit levels should reflect varying levels of individual earnings. The American social-insurance system, in relating benefits to prior earnings, rests on the principle that conditions of individual security and individual incentive require a relationship between benefits and previous standards of living. Unless the earnings base is adjusted as earnings rise, practically all regular full-time workers may in time be earning more than the current base, and their benefits will bear little relationship to their previous living standards.

C. BENEFITS FOR DEPENDENTS OF DISABILITY INSURANCE BENEFICIARIES

Under present law, benefits are provided for dependents of an insured worker who dies or becomes entitled to retirement benefits, but no provision is made for benefits for dependents of an insured worker who becomes entitled to disability insurance benefits.

The committee's bill, like the House bill, would provide for the payment of monthly benefits to the dependents of persons receiving disability insurance benefits. The categories of dependents eligible for these benefits would parallel those eligible for benefits as dependents

of old-age insurance beneficiaries—namely, wives and dependent husbands who have reached retirement age; unmarried dependent children (including sons or daughters disabled in childhood); and wives who have an eligible child in their care.

The monthly benefits payable to dependents of disabled workers would be subject to the same conditions as are applicable to the dependents of old-age insurance beneficiaries, except that, in addition, the proposed dependents benefits would be suspended if the disabled worker refused, without good cause, to accept vocational rehabilitation.

It is estimated that about 180,000 dependents of workers eligible for disability insurance benefits could become eligible for these monthly benefits beginning with the first month after the month in which the bill is enacted.

In providing monthly benefits for the dependents of workers entitled to disability insurance benefits, the committee has given recognition to the problems confronting families whose breadwinners have been forced to stop work because of total disability. The benefit amount payable to the disabled worker under the present disability insurance provisions does not provide adequate protection for his family. The needs of the family of a disability insurance beneficiary are as great as, or greater than, the needs of the family of an old-age insurance beneficiary. It is reasonable to assume, also, that in a great many cases the care which the disabled person requires makes it difficult, if not impossible, for his wife to increase the family income by working. In addition, a person receiving disability insurance benefits frequently has high medical expenses.

The provision included in both the House bill and the committee-approved bill recommended by the committee would close a serious gap in the disability insurance protection now provided under the social security program and can be adequately financed from the funds which will flow from social security taxes already provided and earmarked for the Federal Disability Insurance Trust Fund.

D. OTHER IMPROVEMENTS IN THE DISABILITY PROVISIONS

(1) Elimination of disability benefits offset provision

The committee has given further consideration to the disability insurance benefit offset provision, under which the social security disability insurance benefits are reduced by the amount of any periodic benefit payable to an individual on account of disability under certain other Federal programs or under State workmen's compensation laws. This offset provision was included in the law at the time that the provisions for social security disability benefits were enacted to prevent duplication between the new social security disability benefits and other disability payments pending the development of administrative experience under the new program.

In the light of experience in the operation of the offset provision, the committee has concluded that it can now be eliminated. Experience with the social security disability provisions indicates that the danger that duplication of disability benefits might produce undesirable results is not of sufficient importance to justify reduction of the social security disability benefits. The committee-approved bill, like the House bill, provides for the elimination of this offset provision.

(2) *Retroactive payment of disability insurance benefits*

Under present law, old-age and survivors insurance benefits may be paid for as many as 12 months before the month in which application is filed. Disability insurance benefits, however, may not be paid retroactively except in the case of applications for such benefits that were filed before January 1, 1958. The Department of Health, Education, and Welfare has advised the committee that a significant proportion of disabled persons applying for disability insurance benefits this year have failed to make timely applications and as a result have lost benefits for 1 or more months. The Department recommended enactment of a provision to meet this problem.

In the opinion of the committee, it is reasonable to expect that, in the absence of a provision under which applications for disability insurance benefits may have a retroactive effect, loss of disability insurance benefits due to delays in claiming them will be a continuing problem. The committee approved bill, like the House bill, therefore would provide that applicants for disability insurance benefits be allowed the same 12-month period in which to file application without incurring loss of benefits as is allowed applicants for old-age and survivors insurance benefits under present law.

(3) *Modification of work requirement for eligibility for disability protection*

Under present law, to qualify for disability insurance benefits a disabled worker must meet three requirements insofar as his work under the old-age, survivors, and disability insurance program is concerned. He must be fully insured; he must be currently insured, which means that he must have at least 6 quarters of coverage (about 1½ years of work) in the period of 13 calendar quarters ending with the quarter in which he became disabled; and he must have a total of 20 quarters of coverage (about 5 years of work) out of the 40 calendar quarters ending with the quarter in which he became disabled. At present the work requirements for a disability freeze differ from those for monthly disability insurance benefits in that fully insured status is not required for the freeze.

A substantial number of persons who have worked regularly and for long periods in employment or self-employment covered under the old-age, survivors, and disability program are not able to meet the work requirements for disability protection. The committee's bill, like the House bill, would delete the provisions of present law which require that a worker be currently insured in order to be eligible for disability benefits or for the disability freeze and would make the work requirements for disability-insurance benefits and the disability freeze alike by adding fully insured status as a requirement for eligibility for the disability freeze.

It is estimated that a result of the changed work requirements about 35,000 persons who cannot qualify for disability-insurance benefits under present law could, upon filing applications, become immediately eligible for benefits, and that, in addition, about 15,000 persons could qualify immediately for a disability freeze.

Under a program which provides protection against loss of earnings on account of disability, it is reasonable and desirable that there be reliable means of limiting such protection to those persons who have had sufficiently long and sufficiently recent covered employment to

indicate that they probably have been dependent upon their earnings. It was to meet this purpose that the disability work requirements were designed, and, in most cases, the present work requirements produce results in accordance with this purpose. Experience under the program has indicated that the currently insured status requirement has operated to deny disability protection in some cases in which there is no doubt that a worker's earnings have been cut off as a result of disability. A large number of disabled workers fail to meet the currently insured status requirement even though they have worked for substantial periods in covered employment or self-employment and have normally been dependent upon their earnings. In many instances, these are persons whose work was interrupted by a progressive illness and who at the onset of this impairment met the work requirements for disability protection. It is not uncommon that an impairment which is not severe enough to meet the definition of disability in the law causes a worker to be absent from work for extended periods. The result is that by the time the impairment becomes serious enough to meet the definition of disability, the worker has lost his currently insured status.

The committee's bill, like the House bill, would provide for the elimination of the currently insured eligibility requirement for disability protection.

Beginning in July 1961, it will be possible for a worker who has qualified for the disability freeze under the present provisions to fail to qualify for either disability insurance benefits at age 50 or old-age insurance benefits at age 65 because he may not be fully insured. There will be instances, too, where dependents or survivors benefits will not be payable even though the worker had been allowed a disability freeze. The addition of the fully insured status requirement for the disability freeze will remove the anomalous situation wherein a period of disability may be established for a worker who cannot later qualify for benefits, whose dependents cannot qualify if he lives to retirement age, or whose survivors may not qualify if he dies.

The requirement of 20 quarters of coverage out of the 40 calendar quarters ending with the quarter of disablement, together with the fully insured status requirement, should provide reasonable and adequate assurance that the protection afforded by the disability provisions will be keyed to loss of earnings on account of disability.

(4) Extension of the period for filing disability freeze applications that are fully retroactive

Under the disability freeze provision of present law, an individual's social security earnings record can be frozen during a period of extended total disability so that his inability to work during such period of disability will not result in a reduction in, or loss of, his old-age, survivors, and disability insurance entitlement. Under present law, applications for the disability insurance freeze that were filed before July 1, 1958, were fully retroactive—to the actual beginning date of the individual's disability in most instances—thus enabling applicants to preserve their rights under the program even though they had been disabled for a number of years. In the case of applications for the freeze that are filed after June 30, 1958, however, an applicant's period of disability cannot be determined to have begun more than 1 year before the date his application is filed. As a consequence, persons

with longstanding disabilities whose applications are filed after June 30, 1958, are likely to be ineligible for the disability freeze and thus are exposed to loss of all protection under the program.

The committee's bill, like the House bill, would postpone through June 30, 1961, the June 30, 1958, deadline for filing applications for the disability freeze that are fully retroactive. As a result of this change, it is estimated that about 30,000 additional disabled workers could, upon filing application, become immediately eligible for disability insurance benefits; and an additional 10,000 could become immediately eligible for a disability freeze.

Both bills would also provide that in the case of applications for the freeze that are filed after June 30, 1961, an applicant's period of disability cannot be determined to have begun more than 18 months before application is filed.

E. IMPROVEMENT OF THE RETIREMENT TEST

The committee-approved bill, like the House bill, would make several minor modifications of the retirement test to improve public understanding and administration of the test.

- (1) *Change from \$80 to \$100 amount of wages used in determining whether benefits must be withheld for a month*

Under present law, when beneficiaries earn more than \$1,200 in a year, benefits may be withheld for months in which wages exceed \$80. This provision is very difficult for beneficiaries to understand because it does not seem to be consistent with the \$1,200 exempt amount, which is often interpreted as meaning \$100 per month. Increasing the \$80 figure to \$100 would facilitate administration by improving public understanding and acceptance of the test. It would also eliminate hardships to beneficiaries who lose benefits because they misunderstand the present test.

- (2) *Change the order in which excess earnings are allocated to the months of the year*

Under the present law, any earnings in excess of the \$1,200 annual exempt amount are divided into units of \$80 and the units are charged to months beginning with the last month of the taxable year and then to the remaining months of the year, working backward, for the purpose of determining which monthly benefit checks must be withheld under the retirement test. The committee-approved bill, like the House bill, reverses the order of charging excess earnings to months so that the \$80 units are charged to months starting with the first month of the taxable year and working forward. This provision will alleviate the problems relating to the present order of charging excess earnings. In many cases the wife of a beneficiary attains the qualifying age and comes on the rolls during a year in which the husband is on the rolls for the entire year. If, in such cases, the husband has excess earnings, the wife may lose some or even all of her benefit payments because the excess earnings are allocated starting with the last month of the year. Also, where benefits are recomputed or otherwise increased during the year the present method of allocating excess earnings operates to the disadvantage of beneficiaries.

(3) *Filing of annual report*

Present law requires all beneficiaries under age 72 to make a report of earnings if they earn over the exempt amount. The committee-approved bill would modify this requirement so that a beneficiary who receives no benefits for the year because he has already notified the Bureau of Old-Age and Survivors Insurance that he expected to earn over the exempt amount would not have to file another report at the end of the year.

F. DEPENDENTS' BENEFITS

(1) *Dependency of a disabled child*

Under present law, a disabled child who is 18 or over at the time he applies for child's insurance benefits is required to show that he is receiving at least one-half of his support from his parent, or that he was receiving at least one-half of his support from the parent at the time the parent died. On the other hand, a child who is under 18 when he applies for benefits is generally assumed to have been dependent on his father (and on his mother if she has had a significant amount of recent work). Under the committee bill, disabled children who are 18 or over would be deemed dependent on their parents just as younger children are.

(2) *Payment of parent's benefits where a widow or child survives*

The existence of a widow or child actually or potentially entitled to monthly benefits now prevents the payment of monthly benefits to the dependent parent of a deceased worker. This bar operates even if the potentially entitled wife or child never becomes entitled to benefits. The situation has been aggravated by the fact that the 1957 amendments made possible the payment of benefits to a widow who was not living with her husband at the time of his death, so that the existence of a widow who was not living with the worker now prevents payment of benefits to a parent who was living with and dependent on the worker at the time of his death. The committee-approved bill would remove this restriction.

(3) *Benefits for an adopted child after the worker's death*

An adoptable child living as a member of a worker's family and supported by him is, from the point of view of the purposes of the social security program, just as much in need of replacement of the support the child had received from the worker as is the worker's own child. If after the worker's death the surviving spouse adopts the child, the child should, for purposes of receiving child's insurance benefits, be treated as an adopted child of the deceased worker. The committee-approved bill provides for payment of benefits to a child in such cases if at the time of the worker's death the child was a member of the worker's household, if the child was not being supported by any other person, and if the worker's spouse adopts the child within 2 years after the worker dies.

(4) *Removal of 3-year requirement for a child adopted by a retired worker*

Present law requires that the adopted child of a retired worker must have been adopted for at least 3 years before becoming eligible for child's insurance benefits. This provision was intended to provide protection against abuses through adoptions undertaken to secure

rights to benefits. Adoptions are subject to approval by the courts of the various States, and it does not seem that benefits should be denied to all adopted children in order to prevent a rare case of abuse. The committee-approved bill would make benefits payable to an adopted child immediately after adoption.

(5) *Elimination of duration of marriage requirement where a child has been adopted by the deceased worker*

In order to eliminate an anomalous situation where a child can qualify for benefits but his mother who is caring for him cannot, the committee-approved bill, like the House bill, would provide that where a child of a surviving spouse had been adopted by the deceased worker, the surviving spouse can qualify for mother's widow's, or widower's benefits even if married to the deceased worker for less than a year.

(6) *Elimination of duration of marriage requirements where a potential secondary beneficiary marries*

Under present law, the benefit rights of a dependent or secondary beneficiary are terminated if the dependent marries and yet the dependent cannot qualify for benefits on the new spouse's earnings record until the marriage has lasted for some time. Where, for example, the dependent has reached retirement age and marries an old-age beneficiary, the dependent cannot qualify for benefits on the basis of the new spouse's earnings until after 3 years, or until after 1 year if the new spouse should die. The committee believes that when a person who has rights to a dependent's benefit marries and the rights to the previous benefit are terminated, there should be no delay in permitting the person to qualify as a dependent of the new spouse for a benefit based on the new spouse's earnings record. The committee-approved bill, like the House bill would remove the duration-of-marriage requirements for husband's, wife's widow's, and widower's benefits if at the time of the marriage the person was or could have become entitled to a dependent's benefit.

(7) *Provision that marriage will not terminate benefits in certain situations*

When a secondary beneficiary marries, such person's benefit is terminated under present law. If he marries a person who is or who will become entitled to an old-age insurance benefit, he may qualify for a new benefit based on the earnings of the new spouse. But if the new spouse is also receiving a secondary benefit, the benefits of both are terminated and ordinarily neither beneficiary can become entitled to any new benefits. The committee-approved bill, like the House bill, would eliminate the hardship in these cases by providing that marriage would not terminate a benefit where a person receiving mother's, widow's, widower's, parent's, or childhood disability benefits marries a person receiving any of these benefits or where a person receiving mother's or childhood disability benefits marries a person entitled to old-age or disability insurance benefits.

(8) *Reinstatement of rights to mother's insurance benefits*

The committee's bill would reinstate rights to mother's insurance benefits which were terminated by remarriage if the new husband dies before the marriage has lasted long enough for the wife to qualify for mother's benefits on his earnings.

G. COVERAGE

(1) Employment for nonprofit organization

Under present law when two-thirds of the employees of a religious, charitable, or other nonprofit organization desire coverage under the OASDI program and the organization files a certificate waiving its tax-exempt status, coverage may be effective on the first day of the calendar quarter in which the certificate is filed, or the first day of the succeeding calendar quarter. Because of a number of circumstances, some nonprofit organizations find it difficult to file the certificate promptly. Since present law makes no allowance for reasonable delays in filing waiver certificates, and since coverage can be effective no earlier than the quarter in which a certificate is filed, employees of these organizations are deprived of coverage for a period of time.

The committee's bill, like the House bill, makes provision for a reasonable period of retroactive coverage. Both bills include a provision under which organizations filing certificates after the enactment date of the bill and prior to 1960 could choose to be covered as of the beginning of 1956. Organizations that filed certificates after 1955 but before enactment could similarly choose to be covered retroactively for as far back as the beginning of 1956, provided they file a request for such coverage prior to 1960. In addition to these temporary provisions for coverage retroactive to the beginning of 1956, the bills include a permanent provision under which coverage could be retroactive for 1 year before the certificate is filed.

Coverage would also be made possible for employees of certain nonprofit organizations which under present law cannot secure the necessary concurrence of two-thirds of their employees because some of their employees are covered by a public retirement system and do not desire social-security coverage. For social-security coverage purposes, the employees of a nonprofit organization who are members of such a retirement system will be treated as a group separate from the employees who are not members.

(2) Retroactive coverage for certain employees of State and local governments

Under the present provisions of the Social Security Act, employment occurring before the execution of a State-Federal coverage agreement may, within limits specified in the law and at the option of the State, can be credited under old-age, survivors, and disability insurance. This retroactive coverage is available only for individuals who are still employees on the date the agreement providing coverage is approved by the Secretary of Health, Education, and Welfare. Both the committee-approved bill and the House bill would permit States to provide retroactive coverage, within the general time limits applying to State and local employment, for individuals who are employees on any date specified by a State which is (1) not earlier than the date the State submits its agreement or modification to the Secretary of Health, Education, and Welfare and (2) not later than the date the agreement is executed by the Secretary. If an individual is in the employ of the State or local government on the date specified by the State he would be covered for whatever retroactive period is provided for the group of which he is a member, even though his employment is terminated before the agreement is executed.

This provision would help to prevent hardships which can occur under present law in cases where an individual leaves the employ of a State or locality—because of death, a change of jobs, retirement, or for some other reason—during the period when a coverage agreement between the State and the Secretary of Health, Education, and Welfare is in the process of being negotiated or executed. At present, due to the time that may elapse during this period of negotiation, employees who had reason to expect they would get social-security coverage but whose employment is terminated before the agreement is executed lose the coverage that would otherwise have been provided. In some such situations, because of this loss of coverage, the employee has been unable to qualify for old-age insurance benefits when he retired. In other instances, the employee has died and his family has not been able to qualify for survivors benefits.

(3) *Addition of Massachusetts and Vermont to the States which may provide coverage through division of retirement systems*

The Social Security Amendments of 1956 included a provision permitting eight States (Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, and Wisconsin) and the Territory of Hawaii to divide their retirement systems into two parts so as to obtain old-age, survivors, and disability insurance coverage, under the States' coverage agreements with the Department of Health, Education, and Welfare, for only those States and local government employees who desire such coverage, provided all future entrants into the retirement system are covered under old-age, survivors, and disability insurance. In 1957 this provision was extended to four additional States (California, Connecticut, Minnesota, and Rhode Island) and to all interstate instrumentalities.

Your committee's bill would extend this provision to Massachusetts and Vermont, which have expressly requested such extension.

(4) *Facilitating coverage under the provisions for division of State and local government retirement systems*

The bill would make two changes which would facilitate coverage of certain retirement system members under the provision permitting specified States to extend coverage to only those members who desire such coverage, provided all persons who later become members are covered. Under one of the changes, those persons not originally choosing coverage would have an additional opportunity to elect such coverage. The other change would provide for the coverage under this provision of persons who have an option to join a State or local retirement system but have not exercised that option.

Under present law, when a State or local government retirement system is divided to provide social-security coverage for those members who want coverage, the members who fail to choose coverage do not get a second chance to obtain it. Your committee believes that there is a need for legislation which would allow individuals not initially in the group desiring coverage to have a limited additional period of time to consider, or reconsider, whether they wish to come under old-age, survivors, and disability insurance. Problems have arisen in some instances because individuals who would have expressed a desire for coverage if they had an opportunity to do so did not have this opportunity for various reasons, such as absence from

work because of illness. In other cases, persons who indicated that they did not desire social-security coverage later changed their minds. Your committee's bill would afford an additional opportunity for obtaining social-security coverage to individuals who were included in the group of persons not desiring coverage. Under the bill, a State would be permitted to modify its coverage agreement with the Department of Health, Education, and Welfare at any time before 1960, or, if later, within 1 year after coverage is approved for the group in question, to transfer these people to the group desiring coverage. Such a transfer would be made only in the case of individuals who filed a request with the State before the date of approval by the Secretary of the modification proposing the transfer.

Under present law, only persons who are actually members of a State or local government retirement system may obtain coverage under the provision permitting specified States to provide coverage for only the members who want coverage. The committee's bill, like the House bill, would provide for the coverage under this provision of individuals who have an option to join the State or local system but who have not joined. Under both bills, when coverage is provided under the divided retirement system procedure by means of a coverage action that is approved after 1959, the State would be required to treat individuals having an option to join the State or local system in the same manner as members of the system. Thus, the State would be required to give these persons the same opportunity to obtain social-security coverage as is given to members, and all persons who later become eligible to join the State or local system would automatically be covered under social security, just as new members are covered.

The coverage under the divided-retirement-system provision of persons who have not exercised their option to join a system would be at the discretion of the State in the case of coverage actions that are completed before 1960. In the case of coverage actions which have already been completed, such persons could be covered under the provision of the bill which would afford individuals a second chance to join the group of persons desiring social-security coverage.

(5) Facilitate social security coverage of persons in positions under more than one retirement system

Under present law, State and local government employees in positions under retirement systems may be covered under old-age, survivors, and disability insurance only upon a favorable referendum vote by the members, or under the provisions which permit specified States to cover only those members of a system who desire coverage, provided all future members are covered. A person in a position covered under more than one State or local retirement system cannot be brought under social security unless all of the State and local retirement systems under which his position is covered take action to come under social security. Even if this action is taken, there are some circumstances under which he cannot be brought under social security. Moreover, a person who is a member of one State and local retirement system and, though not a member, has the option of joining another such system cannot be brought under social security in the absence of action by both systems.

As a result of the present restriction, it is often difficult for persons in positions covered by more than one State or local retirement

system to gain old-age, survivors, and disability insurance protection even when a retirement system group of which they are members comes under the program. The committee's bill, like the House bill, would permit these people to come under social security with a retirement-system coverage group without regard to what action, if any, the other retirement system that covers their positions takes on social security coverage. However, this provision would not apply to individuals who, on the date the State's coverage agreement is made applicable to a retirement system, are not actually members of such system (though their positions are covered by the system) and are members of another system; nor would the provision apply to persons in policemen's and firemen's positions in States where persons in such positions cannot be covered. The proposed change would be optional for the States with respect to retirement systems covered before 1959; beginning in 1959, States would be required to apply the changed procedure when they extend coverage to retirement system groups.

(6) *Turpentine workers*

The committee bill, like the House bill, would extend coverage to workers engaged in the production of turpentine and gum naval stores who are employed by the original producer of the crude gum. These workers would be covered under the present provisions applicable to other agricultural workers. Many of the people in this group are employed only temporarily or seasonally in the production of turpentine and gum naval stores so that they are likely to have already earned credits under the social security program in other work. Even those workers covered for the first time will, after a relatively short period of regular covered work, acquire survivors protection for their families, and after a somewhat longer period of covered work will acquire retirement and disability protection under the program.

(7) *Coverage of partnership earnings in the year of partner's death*

As a result of a change made in the Internal Revenue Code of 1954, a member of a partnership cannot get social security credit for his earnings from the partnership in the year of his death. The committee bill, like the House bill, provides that a deceased partner's distributive share of partnership income shall be included for social security purposes in computing his net earnings from self-employment for the year of his death. The distributive share of a partner who dies after the date of enactment of the bill would be, for social security purposes, mandatorily included in his net earnings from self-employment. The distributive share of a partner who died after 1955 and on or before the date of enactment may be so included upon the filing of an amended social security tax return. Although this amendment affects only a small number of people, it corrects an inequity in present law. The amendment will enable some farm operators, lawyers, and others who were brought under the program under the 1954 and 1956 amendments to acquire an insured status which they would otherwise be unable to attain. In the future the amendment will, in some cases, provide needed social security credits for persons who die while members of a partnership.

(8) *Social security credits for certain American citizens who served in the armed forces of allied countries*

Under present law, to assure that veterans who served in the Armed Forces of the United States have approximately the same status under old-age, survivors, and disability insurance as they might have had if military service had not interfered with their employment, wage credits of \$160 are provided for each month of their active service in the Armed Forces of the United States during World War II and the post-World War II period. Both the committee-approved bill and the House bill would make comparable provision for American citizens who served in the armed forces of countries which fought with the United States against our enemies during the World War II period from September 16, 1940, to July 24, 1947, inclusive.

Before the United States entered World War II a number of Americans joined the armed forces of countries traditionally friendly with the United States. These citizens either left employment covered by social security to enter service abroad or probably would have worked in covered employment had they not entered military service. The committee is concerned that they may have a gap in their social security coverage because of service with our allies during the time of war.

Both the committee bill and the House bill provide safeguards to assure that the military service wage credits will be given only to persons who could reasonably have been expected to be in covered employment had they not been in service. The wage credits would be provided only for American citizens who entered into service in the armed forces of a foreign country before the United States entered World War II, provided the foreign country was, on September 16, 1940, at war with a country which became an enemy of the United States during World War II.

H. MISCELLANEOUS PROVISIONS

(1) *Change in eligibility requirement for the lump-sum death payment*

Under present law, to qualify for the lump-sum death payment a spouse must have been "living with" the worker. The "living with" requirement is met if the spouse was living in the household with the worker or receiving contributions from him, or if the worker was under a court order to contribute to the spouse's support. The committee-approved bill, like the House bill, would change the requirement to one that the spouse must have been living in the same household with the worker. Since the purpose of the lump-sum death payment is to help with the expenses incidental to the death of the worker, it is appropriate for the payment to be made only to the spouse who was actually living in the same household with the worker since it can be assumed that she will take responsibility for those expenses. The widow who meets the requirement because her husband was contributing to her support, or because he was under court order to do so, cannot be presumed to have assumed the expenses incident to her husband's death. The spouse who was not living in the same household with the worker may receive the lump-sum death payment if she actually did pay the worker's burial expenses.

(2) *Authorization to charge for certain services provided by the Bureau of Old-Age and Survivors Insurance*

The law now authorizes the Bureau of Old-Age and Survivors Insurance to charge for furnishing information, but not for services, for purposes not directly related to the administration of the old-age and survivors insurance program. The committee-approved bill, like the House bill, would provide an authorization for the Bureau to charge for services such as forwarding letters to account numbers holders for health research purposes, which are unrelated to the program and therefore could not properly be provided at the expense of the trust funds, and provides for the charges to be deposited in the trust funds.

(3) *Description of offenses that constitute fraud*

The present provision in the law prescribing penalties for fraudulent actions does not take into account the major amendments adopted in 1954 and 1956, such as the amendments relating to disability and the application of the earnings test to noncovered work. The committee-approved bill, like the House bill, would make the penalty provision applicable in connection with willful failure to disclose information, as well as with respect to positive actions, in connection with uncovered as well as covered earnings, and in connection with suspensions, terminations, and misuse of benefits, and disability determinations, as well as applications for benefits.

(4) *Remove requirement in the law that attorney representing claimant before the Secretary file with the Secretary a certificate of his right to practice before a court*

Under present law only a qualified attorney may represent claimants. The attorney must file with the Secretary a certificate, from the presiding judge or clerk of a court before which he is admitted to practice, of his right to practice before that court. Inasmuch as a person who misrepresents himself as an attorney is subject to penalties outside the provisions of the Social Security Act, this provision should be eliminated. The committee-approved bill, like the House bill, provides statutory authority for the Secretary no longer to require the filing of a certificate by an attorney and would conform to long-standing administrative practice in other fields.

I. INCREASES IN CONTRIBUTION RATES

The committee-approved bill, like the House bill, increases the scheduled contribution rates on earnings paid by employers and employees by one-fourth percent above the rates now scheduled, with a corresponding increase for the self-employed, and provides that the future increases in the tax rate shall take place at 3-year, rather than 5-year intervals. The new schedule would be as follows:

Years	Rate for employee and employer	Rate for self employed
	Percent	Percent
1959.....	2½	3¾
1960-62 inclusive.....	3	4½
1963-65 inclusive.....	3½	5½
1966-68 inclusive.....	4	6
1969 and later.....	4½	6¾

J. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

(1) *Financing policy*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from contributions of covered individuals and employers. Accordingly, in that legislation, the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. Thus, the Congress has always very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and therefore actuarially sound.

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as applicable to private insurance although there are certain points of similarity—especially as concerns private pension plans. Thus, the concept of “unfunded accrued liability” does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles. In a private insurance program, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, the plan will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system. It can reasonably be presumed that under Government auspices such a system will continue indefinitely into the future. The test of financial soundness then is not a question of sufficient funds on hand to pay off all accrued liabilities. Rather the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Thus, it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group. These additional assets and liabilities must be considered to determine whether the system is estimated to be in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contributions and from interest earnings on the accumulated trust funds will over the long run support the disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

The actuarial balance under the 1952 act¹ was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted. (See table 1.) This was the case because of the rise in earnings levels in the 3 years preceding the enactment of the 1952 amendments being taken into consideration in the estimates for those amendments and this virtually offset the

¹ The term “1952 act” (and similar terms) is used in this section to designate the system as it existed after the enactment of the amendments of that year.

increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 amendments indicated that the level-premium cost (i. e., the average long-range cost, based on discounting at interest, relative to payroll) of the benefit disbursements and administrative expenses were somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

The 1954 amendments contained an adjusted contribution schedule that met not only the increased cost of the benefit changes in the bill, but also reduced somewhat the aforementioned lack of actuarial balance. Accordingly, it may be said that under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes proposed and at the same time reduced substantially the "actuarial insufficiency" which the then current estimates had indicated in regard to the financing of the 1952 act.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, which period had been used as the basis for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent; accordingly, the system was in approximate actuarial balance. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided so that the actuarial balance of the system was unaffected, and the program thus remained actuarially sound.

New cost estimates have been made for the old-age, survivors, and disability insurance program taking into account recent experience and modified assumptions as to anticipated future trends. In the past 2 years, there has been a very considerable number of retirements from among the groups newly covered by the 1954 and 1956 amendments so that benefit expenditures have run appreciably higher than had been previously estimated. Moreover, the analyzed experience for the recent years of operation indicate that retirement rates have risen or, in other words, that the average retirement age has dropped significantly. This may be due in large part to the liberalizations of the retirement test made in recent years, under which aged persons are better able to effect a smoother transition from full employment to full retirement. These new cost estimates indicate that the program as it is under the provisions of the 1956 act is out of actuarial balance by over 0.4 percent of payroll.

The committee believes that not only should any liberalizations in benefit provisions be fully financed by appropriate changes in the tax schedule or through other methods, but also that the actuarial status of the system should be improved in similar manner so that the actuarial insufficiency is reduced to the point where it is virtually eliminated, namely below one-fourth of 1 percent of payroll, as has been the case generally in the previous legislation.

(2) Basic assumptions for cost estimates

Estimates of the future cost of the old-age, survivors, and disability insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Benefit

payments may be expected to increase continuously for at least the next 50 to 70 years because of factors such as the aging of the population of the country and the slow but steady growth of the benefit roll that is inherent in any retirement program, public or private, which has been in operation for a relatively short period.

The cost estimates for the bill as reported by your committee are the same as those for the House-approved bill since no changes that are significant from an actuarial cost standpoint have been made. These estimates are given on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1956. In addition to the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo but also, and to a greater extent, the income of the system. The result is that the cost relative to payroll will decrease.

The cost estimates have been prepared on the basis of the same general assumptions and methodology as those contained in the Eighteenth Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (H. Doc. No. 401, 85th Cong.).

It should be especially mentioned that the assumptions used in connection with the disability benefits are essentially the same as those used in the original cost estimates for these benefits when they were first incorporated in the law in 1956 (but with certain minor modifications of methodology that result in the cost being shown somewhat lower than originally estimated). The actual experience to date under the very strict definition of "disability" in the law has been significantly lower in cost than the intermediate-cost assumptions would indicate. Nevertheless, until somewhat more experience is available and can be analyzed, it is believed that these cost bases for the monthly disability benefits should be maintained. Disability incidence and termination rates can vary widely—much more so than mortality rates, which are a basic factor in the retirement and survivor benefit cost calculations.

The cost estimates are extended beyond the year 2000 since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which would tend to yield low benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050. If such a level

rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

The estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they rise steadily as the population at the working ages is estimated to increase. Thus, the total taxable payroll under the bill is estimated at about \$210 billion in 1960 and is estimated to increase to about \$240 billion in 1970, \$275 billion in 1980, \$365 billion in the year 2000, and then to almost \$500 billion eventually. If in the future the earnings level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present act, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and social security covered earnings in determining benefits for those with less than 10 years of railroad service (and also for all survivor cases).

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if there never had been a separate railroad retirement program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small gain to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings.

(3) Results of intermediate-cost estimates

The intermediate-cost estimates are developed from the low-cost and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 amendments and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis or, in other words, actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedules contained in the 1956 act and in the bill are as follows (in each case, one-fourth percent of the employer rate and of the employee rate, and three-eighths percent of the self-employed rate is used for monthly disability benefits):

Calendar year	Employee rate (same for employer)		Self-employed rate	
	1956 act	Bill	1956 act	Bill
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1958.....	2¼	2¼	3¾	3¾
1959.....	2¼	2½	3¾	3¾
1960 to 1962.....	2¾	3	4½	4½
1963 to 1964.....	2¾	3½	4½	5¼
1965.....	3¼	3½	4¾	5¼
1966 to 1968.....	3¼	4	4¾	6
1969.....	3¼	4½	4¾	6¾
1970 to 1974.....	3¾	4½	5¾	6¾
1975 and after.....	4¼	4½	6¾	6¾

Under the bill, benefits would be computed from a table set forth in the law. At first glance, it would appear that an entirely new principle had been adopted from that prevailing in the previous laws which specified a definite benefit formula and minimum and maximum benefit provisions. Actually, however, this table is based on a definite formula and minimum and maximum benefit provisions, which are built into the table so that there is no change in the basic principle that has prevailed over the years. Certain approximations, however, have been made because of the necessary grouping involved in constructing a benefit table that, for facility of administration, is in terms of primary benefits rounded to the nearest dollar.

The benefit formula for the primary insurance amount under the 1954 act was 55 percent of the first \$110 of average monthly

wage, plus 20 percent of the next \$240 of such wage. The bill, by increasing benefits by 7 percent and by raising the maximum earnings base to \$4,800, thus changed this formula to 58.85 percent of the first \$110 of average monthly wage plus 21.40 percent of the next \$290 of such wage (except that in some cases for average monthly wages of under \$85, a slightly higher amount is payable so as to fit in with the increased minimum benefit). The minimum primary insurance amount (and the minimum benefit for a survivor family consisting of only 1 beneficiary) of \$30 a month established under the 1954 act is increased to \$33 by the bill.

The 1954 act also established certain maximum family benefits, namely, the lesser of \$200 or 80 percent of the average monthly wage, but with the exception that the latter maximum could not decrease the total family benefit below the larger of \$50 or 1½ times the primary insurance amount. Under the bill, the family maximum benefit provision has been changed so that it is the lesser of \$254 (which is twice the maximum possible primary insurance amount, namely, that for an average monthly wage of \$400) or 80 percent of average wage (as before), but with the exception that the latter maximum cannot reduce the total family benefit below the larger of 1½ times the primary insurance amount (as before) or the primary insurance amount plus \$20 (having the effect of setting this exception not lower than \$53). In actual application, the 80 percent maximum will generally yield somewhat more than the mathematical result of taking 80 percent of the individual's average wage since the benefit table provides for maximum family benefits on the basis of 80 percent of the upper end of the range of average wages that produce the rounded primary insurance amount. As the bill would actually work out, the maximum family benefit would be as shown below for various average monthly wages and primary insurance amounts:

Average monthly wage	Primary insurance amount	Maximum family benefit
\$67 or under.....	\$33-\$40	Primary insurance amount plus \$20.
\$67 to \$127.....	40- 68	1½ times primary insurance amount.
\$127 to \$319.....	68-109	80 percent of average wage.
\$320 to \$400.....	110-127	\$254.

NOTE.—As shown above, in 2 instances, either of 2 methods of determining the maximum family benefit can be used (of course, yielding the same result).

Table 1 shows that the bill would reduce the lack of actuarial balance of the old-age and survivors insurance system from 0.57 percent of payroll to 0.25 percent of payroll, or about the same level as was the case for the 1956 amendments at the time they were enacted. At the same time, the disability insurance system would have an actuarial surplus of 0.01 percent of payroll under the bill, as compared with 0.15 percent under the provisions of the 1956 act. The effect of the bill on the combined old-age, survivors, and disability insurance system would be to reduce the actuarial deficit from 0.42 percent of payroll to 0.24 percent, which is well within the margin of variation possible in actuarial cost estimates, and which is about the same as has generally prevailed in the past when the system has been in substantial actuarial balance. If the cost estimates had been based

on current earnings levels (instead of those for 1956), the lack of actuarial balance would have been shown as somewhat less than 0.24 percent of payroll.

Table 2 traces through the change in the actuarial balance of the system from its situation under the 1956 act (according to the latest estimate) to that under the bill, according to the major changes proposed.

It should be emphasized that in 1950 and in subsequent amendments the Congress did not recommend that the system be financed by a high, level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that sizable trust funds will develop, although not as large as would arise under a level-premium tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life-insurance systems). The resulting interest income will help to meet part of the higher benefit costs of the future.

The revised contribution schedule in the bill has a twofold effect on the financing of the system. First, there is a uniform one-half of 1 percent increase in the combined employer-employee rate for all future years beginning with 1959. Second, the subsequent increases in the contribution rate, which are scheduled at 5-year intervals in present law, are advanced to 3-year intervals. As shown in table 2, the first of these changes quite naturally has the effect of producing additional income equivalent to 0.50 percent of payroll on a level-premium basis. The other change in the tax schedule, namely accelerating the interval between increases has the level-premium effect of increasing income to the system by 0.19 percent of payroll.

Another change that would be made by the bill also has the effect of increasing the income to the system, namely, raising the maximum taxable and creditable earnings base from \$4,200 to \$4,800 a year. This change has the effect of increasing income by a gross amount equivalent to 0.55 percent of payroll on a level-premium basis, but this is partially offset by the additional benefits that will be paid on the higher earnings credited (namely, 0.32 percent of payroll on a level-premium basis). Accordingly, the net effect is equivalent additional income of 0.23 percent of payroll on a level-premium basis.

The level-premium cost of the old-age and survivors insurance benefits (without considering administrative expenses and the effect of interest earnings on the existing trust fund) under the 1956 act, according to the latest intermediate-cost estimate, is about 8.0 percent of payroll, while the corresponding figure for the bill is 8.4 percent. Similarly, the corresponding figures for the disability benefits are 0.35 percent for the 1956 act and 0.49 percent for the bill.

To summarize the changes in the actuarial balance of the system, from the provisions of the 1956 act to the provisions as they would be under the bill, the increased revenue to the program that would result from the changes in the tax schedule and from the net effect of the increase of the maximum earnings base would amount to 0.91 percent of payroll on a level-premium basis insofar as the old-age and survivors insurance part of the program is concerned. Correspondingly, the

total cost of the old-age and survivors insurance benefit changes in the bill would amount to 0.59 percent of payroll. Thus, there would be an excess of long-range income over outgo resulting from the provisions of the bill of 0.32 percent of payroll on a level-premium basis. Since under the 1956 act it is estimated that the actuarial deficit in the program is 0.57 percent of payroll, the net result of the bill would be to place the program in a position where it has an estimated actuarial deficit of 0.25 percent of payroll. This very substantial improvement in the financial basis of the program brings the anticipated deficit well within the range that will permit the program to be considered actuarially sound.

Table 3 presents the benefit costs under the bill for each of the various types of benefits.

The level-premium contribution rates equivalent to the graded schedules in the 1956 act and in the bill may be computed in the same manner as level-premium benefit costs. These are shown in table 1 for income and disbursements after 1957 (except for the original estimate for the 1956 act, which figures are based on operations after 1955). The figures for the net actuarial balance are also shown in table 1.

Old-age and survivors insurance benefit disbursements for the calendar year 1958 would be increased by less than \$1 million by the bill, while there would, of course, be no additional income to the fund during the year. In calendar year 1959, such benefit disbursements under the bill would total about \$9.4 billion, or an increase of about \$650 million over present law. At the same time, contribution income for old-age and survivors insurance for 1959 would amount to about \$8.6 billion under the bill, or \$1.1 billion more than under present law. Thus, the excess of benefit outgo over contribution income would be reduced from \$1.4 billion under present law to \$750 million under the bill. The decreases in the old-age and survivors insurance trust fund would not be as large as the figures just given because the interest receipts would exceed outgo for administrative expenses and transfers to the railroad retirement accounts.

In 1960, old-age and survivors insurance benefit disbursements under the bill would, according to the intermediate cost estimate, be \$10.0 billion, or an increase of \$700 million over the present law. At the same time, contribution income for old-age and survivors insurance for 1960 would be \$10.6 billion under the bill, or \$1.5 billion more than under present law. Accordingly, in 1960, there would be an excess of contribution income over benefit outgo of about \$600 million under the bill, whereas under present law there would be a deficit of about \$300 million. Under the bill, the excess of contribution income would be about \$500 million in 1961, about \$50 million in 1962, and about \$1.5 billion a year in 1963 and in 1964. On the other hand, under present law, during each year of the period 1961-64, there would be deficits of contribution income as compared with benefit outgo ranging up to as much as \$1 billion.

As to the disability insurance system, if the bill were to become law in August 1958, benefit disbursements for the calendar year 1958 would be increased by about \$18 million, while there would, of course, be no additional income to the trust fund during the year. In calendar year 1959, such benefit disbursements under the bill would total about \$430 million, or an increase of about \$200 million over

present law. At the same time, contribution income for disability insurance for 1959 would amount to about \$980 million, or only a small increase over present law (solely because of raising the taxable earnings base, since there is no change made in the amount of contributions assignable to this program). Nonetheless, in 1959 there would be an excess of contribution income over benefit outgo of about \$500 million. Similarly, in 1960 and the years immediately following, contribution income would be well in excess of benefit outgo—by as much as \$300 million in 1965 and, of course, somewhat larger amounts in the earlier years.

Table 4 gives the estimated operation of the old-age and survivors insurance trust fund under the bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends, but it is desirable and necessary nonetheless to consider these long-range possibilities under a social-insurance program that is intended to operate in perpetuity.

In every year after 1959, for almost the next 30 years, contribution income is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit outgo curve rises ahead of the contribution income curve in 1985, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily, reaching \$50 billion in 1970, \$99 billion in 1980, and \$163 billion at the end of this century. In the very far distant future; namely, in about the year 2030, the trust fund is estimated to reach a maximum of about \$295 billion, and then decrease slowly. Nevertheless, even 90 years from now, this estimate would show a trust fund of about \$200 billion. The fact that the trust fund would not become exhausted until somewhat more than a century hence, indicates that the proposed tax schedule is not quite self-supporting although it is, for all practical purposes, sufficiently close so that the system may be said to be actuarially sound. This general situation was also true for the 1950 act and for subsequent amendments, according to the estimates made when they were being considered.

On the other hand, the disability insurance trust fund grows steadily. (See table 5.) In 1970, it is shown as being \$5.7 billion, while in 1980 and 2000, the corresponding figures are \$6.8 billion and \$13.2 billion, respectively. There is an excess of contribution income over benefit disbursements for every year up to about 1975, and even thereafter the trust fund continues to grow because of its interest earnings. In fact, this trust fund is never shown to decline in any future year, which is to be expected since the level-premium cost of the disability benefits according to the intermediate-cost estimate is slightly lower than the level-premium income of one-half of 1 percent of payroll.

(4) Results of cost estimates on range basis

As indicated previously in connection with table 1, the excess of (1) the level-premium contribution rate equivalent to the graded schedule in the law over (2) the level-premium cost of benefit payments and administrative expenses (after appropriate adjustment for the effect of interest earnings on the existing trust fund) is used to indicate the actuarial balance of the system. A negative figure indicates the lack of actuarial balance; a positive figure indicates more than sufficient financing (according to the estimate). The following table shows these figures for the bill according to the low-cost, high-cost, and intermediate-cost estimates for the old-age and survivors insurance program and for the disability insurance program (computed as of the beginning of 1958):

[Percent]

Item	Low-cost	High-cost	Intermediate-cost
Old-age and survivors insurance			
Contributions.....	8.05	7.98	8.02
Benefit cost ¹	7.29	9.42	8.27
Net difference.....	.76	-1.44	-.25
Disability insurance			
Contributions.....	0.50	0.50	0.50
Benefit cost ¹	.33	.67	.49
Net difference.....	.17	-.17	.01

¹ Including adjustments (a) to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, and (c) for administrative expense costs.

Table 6 shows the estimated operations of the old-age and survivors insurance trust fund for the low-cost and high-cost estimates, while table 7 gives corresponding figures for the disability insurance trust fund. Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$280 billion and is then growing at a rate of about \$14 billion a year. Likewise, the disability insurance trust fund grows steadily under the low-cost estimate, reaching about \$45 billion in the year 2000, at which time its annual rate of growth is about \$2 billion. For both trust funds, after 1959, benefit disbursements do not exceed contribution income in any year in the foreseeable future.

On the other hand, under the high-cost estimate, the old-age and survivors insurance trust fund builds up to a maximum of about \$85 billion in about 25 years, but decreases thereafter until it is exhausted in the year 2010. Under this estimate, benefit disbursements from the old-age and survivors insurance trust fund are smaller than contribution income during all years before 1980, except 1959 and 1962 (in the latter year a relatively small deficit would be shown). As to the disability insurance trust fund, in the early years of operation, contribution income materially exceeds outgo, and this is so until 1965. Accordingly, the disability insurance trust fund, as

shown by this estimate, would be about \$3 billion in 1965 and would then slowly decrease until being exhausted in 1976.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports therefor, the tax schedule would be adjusted in future years so that neither of the developments of the trust funds shown in tables 6 and 7 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

Table 8 shows the estimated costs of the old-age and survivors benefits and of monthly disability benefits under the bill as a percentage of payroll through the year 2050 and also the level-premium cost of the 2 programs for the low-cost, high-cost, and intermediate-cost estimates (as was previously shown in tables 1 and 3 for the intermediate-cost estimate).

(5) Summary of actuarial cost estimates

The old-age, survivors, and disability insurance system, as modified by the bill, has a benefit cost that is very closely in balance with contribution income. This also was the case for the 1950 act and subsequent amendments at the time they were enacted. In fact, the system as modified by the bill is significantly closer to actuarial balance, according to the intermediate-cost estimate, than is the present law. The system as modified by the bill, and the system as it was modified by the previous amendments, has been shown to be not quite self-supporting under the intermediate-cost estimate. There is very close to an exact balance, especially considering that a range of error is necessarily present in the long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age, survivors, and disability insurance program, as it would be amended by this bill, is actuarially sound. In fact, the actuarial status of the program is very much improved over that of present law since the cost of the liberalized benefits is more than met by the increased contributions that are scheduled (with such rise going fully into effect almost immediately upon the inauguration of the new benefit provisions).

The disability insurance portion of the program—established under the 1956 act—when considered separately, shows a small favorable actuarial balance because the contribution rate allocated is slightly in excess of the cost for the disability benefits, based on the intermediate-cost estimate. Considering the variability of cost estimates for disability benefits, this small actuarial excess is not significant.

TABLE 1.—*Actuarial balance of old-age, survivors, and disability insurance program under various acts for various estimates on an intermediate-cost basis*

[Percent]

Legislation	Date of estimate	Level-premium equivalent ²		
		Benefit costs ³	Contributions	Actuarial balance ⁴
	Old-age, survivors, and disability insurance ¹			
1950 act.....	1950	6.05	5.95	-0.10
1952 act.....	1952	5.85	5.75	-.10
1952 act.....	1954	6.62	6.05	-.57
1954 act.....	1954	7.50	7.12	-.38
1954 act.....	1956	7.45	7.29	-.16
1956 act.....	1956	7.85	7.72	-.13
1956 act.....	1958	8.25	7.83	-.42
1958 bill (House).....	1958	8.76	8.52	-.24
	Old-age and survivors insurance ¹			
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	-.57
1958 bill (House).....	1958	8.27	8.02	-.25
	Disability insurance ¹			
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+.15
1958 bill (House).....	1958	.49	.50	+.01

¹ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

² Expressed as a percentage of taxable payroll.

³ Including adjustments (a) to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, and (c) for administrative expense costs.

⁴ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

TABLE 2.—*Changes in estimated level-premium cost of benefit payments as percentage of taxable payroll, by type of change, intermediate-cost estimate at 3 percent interest, 1956 act and bill*

Item	Old-age and survivors insurance	Disability insurance
	Percent	Percent
Present lack of balance (-) or surplus (+).....	-0.57	+0.15
Increase of ½-percent in tax schedule.....	+.50	-----
Acceleration of tax schedule (3-year rises).....	+.19	-----
Increased income from higher earnings base.....	+.52	+.03
Additional benefit cost from higher earnings base.....	-.30	-.02
Increase of benefit level by 7 percent (or \$3, if more).....	-.57	-.03
Supplementary benefits for disability beneficiaries.....	-----	-.06
Elimination of disability benefit offset provision.....	-----	-.03
Modification of insured status requirements.....	-----	-.03
Liberalizing retirement test.....	-.01	-----
Paying parent's benefits in all cases.....	-.01	-----
Lack of balance (-) or surplus (+) under bill.....	-.25	+.01

TABLE 3.—*Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under bill as percentage of taxable payroll,¹ by type of benefit, intermediate-cost estimate at 3 percent interest*

Item	Old-age and survivors insurance	Disability insurance
	Percent	Percent
Primary benefits.....	5.92	0.43
Wife's benefits.....	.57	.03
Widow's benefits.....	1.23	(2)
Parent's benefits.....	.02	(2)
Child's benefits.....	.43	.03
Mother's benefits.....	.11	(2)
Lump-sum death payments.....	.12	(2)
Total benefits.....	8.40	.49
Administrative expenses.....	.09	.01
Interest on existing trust fund ³	-.22	-.01
Net total level-premium cost.....	8.27	.49

¹ Including adjustment to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate.

² This type of benefit not payable under this program.

³ This item is taken as an offset to the benefit and administrative expense costs.

TABLE 4.—*Progress of old-age and survivors insurance trust fund under bill, high-employment assumptions, intermediate-cost estimate at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund ³
	Actual data					
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	468	20,576
1955.....	5,713	4,968	119	-----	461	21,663
1956.....	6,172	5,715	132	-----	531	22,519
1957.....	6,826	7,347	⁴ 162	-----	557	22,393
	Estimated data					
1958.....	\$7,297	\$8,318	\$156	-\$124	\$565	\$21,656
1959.....	8,632	9,400	161	-219	570	21,079
1960.....	10,621	10,027	166	-196	593	21,905
1961.....	11,106	10,618	169	-195	637	22,666
1962.....	11,256	11,207	172	-199	675	23,019
1963.....	13,124	11,678	175	-156	708	24,843
1964.....	13,652	12,016	178	-156	765	26,909
1965.....	13,830	12,333	181	-160	824	28,891
1970.....	19,404	15,030	201	-70	1,410	50,480
1975.....	20,880	17,766	222	-59	2,190	76,606
1980.....	22,301	20,874	246	12	2,862	98,880
2000.....	29,695	29,672	332	192	4,773	163,813
2020.....	36,124	40,716	426	192	8,398	285,941

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ This figure is artificially high because reimbursements from the disability insurance trust fund, called for by the law, had not been made in calendar year 1957. These amounted to about \$14 million.

TABLE 5.—*Progress of disability insurance trust fund under bill, high-employment assumptions, intermediate-cost estimate at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial inter-change ¹	Interest on fund ²	Balance in fund
Actual data						
1957-----	\$702	\$57	³ \$3	-----	\$7	\$649
Estimated data						
1958-----	\$914	\$263	\$19	-----	\$25	\$1,306
1959-----	980	431	21	\$10	42	1,887
1960-----	991	492	23	-20	59	2,402
1961-----	1,004	555	23	-23	76	2,881
1962-----	1,018	613	24	-26	92	3,327
1963-----	1,032	675	24	-28	104	3,737
1964-----	1,046	736	25	-31	116	4,107
1965-----	1,059	796	25	-34	126	4,437
1970-----	1,141	1,052	27	-34	165	5,686
1975-----	1,227	1,249	30	-31	187	6,392
1980-----	1,311	1,380	30	-22	201	6,844
2000-----	1,745	1,649	40	-2	383	13,194
2020-----	2,125	2,330	51	1	521	17,764

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ This figure is artificially low because reimbursements to the old-age and survivors insurance trust fund, called for by the law, had not been made in calendar year 1957. These amounted to about \$14 million.

TABLE 6.—*Estimated progress of old-age and survivors insurance trust fund under bill, high-employment assumptions, low-cost and high-cost estimates at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial inter-change ¹	Interest on fund ²	Balance in fund
Low-cost estimate						
1965-----	\$13,866	\$12,055	\$167	-\$145	\$887	\$31,205
1970-----	19,458	14,663	186	-49	1,546	55,376
1975-----	21,072	17,217	206	-32	2,446	85,781
1980-----	22,773	19,965	228	39	3,334	115,772
2000-----	32,137	26,835	310	218	8,082	280,066
High-cost estimate						
1965-----	\$13,794	\$12,609	\$195	-\$176	\$762	\$26,576
1970-----	19,351	15,398	216	-91	1,274	45,584
1975-----	20,688	18,315	239	-85	1,934	67,430
1980-----	21,829	21,782	263	-14	2,391	81,988
2000-----	27,253	32,511	354	167	1,465	³ 47,559

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Fund exhausted in 2010.

TABLE 7.—*Estimated progress of disability insurance trust fund under bill, high-employment assumptions, low-cost and high-cost estimates at 3 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial inter-change ¹	Interest on fund ²	Balance in fund
Low-cost estimate						
1965.....	\$1,063	\$535	\$22	—\$32	\$164	\$5,876
1970.....	1,144	699	23	—32	259	9,099
1975.....	1,239	834	25	—29	360	12,527
1980.....	1,339	930	27	—20	474	16,449
2000.....	1,889	1,110	36	-----	1,310	45,372
High-cost estimate						
1965.....	\$1,056	\$1,059	\$28	—\$35	\$88	\$2,998
1970.....	1,138	1,407	30	—35	71	2,272
1975.....	1,216	1,666	33	—33	15	258
1980.....	1,283	1,828	35	—24	(³)	(³)
2000.....	1,602	2,189	44	—4	(³)	(³)

¹ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Fund exhausted in 1976.

TABLE 8.—*Estimated cost of benefits of old-age, survivors, and disability insurance system as percent of payroll ¹, under bill*

(In percent)

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
Old-age and survivors insurance benefits			
1970.....	6.47	6.84	6.66
1980.....	7.46	8.43	7.96
1990.....	7.83	9.91	8.82
2000.....	7.06	10.06	8.44
2025.....	7.96	13.23	10.15
2050.....	10.08	15.03	12.02
Level-premium cost ³	7.29	9.42	8.27
Disability insurance benefits			
1970.....	0.32	0.63	0.48
1980.....	.36	.72	.53
1990.....	.30	.64	.46
2000.....	.30	.68	.47
2025.....	.37	.81	.55
2050.....	.43	.87	.60
Level-premium cost ³	.33	.67	.49

¹ Taking into account lower contribution rate for the self-employed, as compared with combined employer-employee rate.

² Based on the average of the dollar costs under the low-cost and high-cost estimates.

³ Level-premium contribution rate, at 3-percent interest rate, for benefits after 1957, taking into account interest on the Dec. 31, 1957, trust fund future administrative expenses, and the lower contribution rates payable by the self-employed.

IV. DISCUSSION OF PUBLIC ASSISTANCE AND MATERNAL AND CHILD WELFARE PROVISIONS

A. PUBLIC ASSISTANCE PROVISIONS

(1) *General*

The bill would amend those provisions of the Social Security Act relating to old-age assistance (title I), aid to dependent children (title IV), aid to the blind (title X), and aid to the permanently and totally disabled (title XIV), so as to:

(1) Change the formula determining the Federal share of assistance payments to provide an average maximum on State expenditures for assistance in which there can be Federal sharing, including assistance in the form of medical care and as money payments, and make a portion of the Federal contribution related to the per capita income of the States;

(2) Extend the benefits of the four titles to Guam, with a dollar limitation on the total Federal grant;

(3) Increase the dollar limitation on the total Federal grant to Puerto Rico and the Virgin Islands;

(4) Extend for an additional 2 years the special matching provisions for certain State aid-to-blind programs.

(2) *Explanation of committee amendments to public assistance provisions*

In view of testimony by the Secretary of Health, Education, and Welfare that the administration is strongly opposed to increases in the Federal share of public assistance payments, a number of changes in the House bill have been made to minimize these objections:

(1) The maximum on matchable payments has been reduced from \$66 to \$65 for the aged, blind, and disabled, and from \$33 to \$30 for recipients of aid to dependent children. This is estimated to effect a saving of \$39 million annually, reducing the annual cost of the provisions from \$288 million to \$249 million.

(2) The effective date has been deferred from October 1, 1958, to January 1, 1959, reducing the cost in fiscal 1959 to about \$125 million.

The committee also provided for an Advisory Council on Public Assistance to study the proper Federal role and matching formulas for these programs, similar to the existing Council on Social Security Financing which would report its findings and recommendations by January 1, 1960.

The provisions of the House bill that would have repealed section 9 of the act of April 19, 1950, amended, relating to additional Federal sharing under titles I, IV, and X in assistance provided to Navaho and Hopi Indians has been eliminated.

(3) *Federal matching formula*

Under the old-age assistance, aid to the permanently and totally disabled, aid to the blind, and aid to dependent children titles of the Social Security Act, the Federal Government participates in State expenditures made to needy individuals in the form of money payments, and in behalf of an individual in the form of medical care or other forms of remedial care recognized under State law. The law provides a maximum on State expenditures in which the Federal Gov-

ernment can participate, separately stated for money payments to the individual for assistance and medical care on his behalf. For money payments made to the individual the present maximum, in old-age assistance, aid to the blind, and aid to the permanently and totally disabled is \$60 a month; for aid to dependent children, the present maximum is \$32 a month for the first dependent child in the home, \$23 for each additional child in the home, and \$32 a month for the relative caring for the dependent child or children. For medical care costs paid in behalf of a needy person to vendors of medical care (doctors, hospital, etc.), the Federal Government participates in expenditures up to a total determined by multiplying \$6 a month times the number of adults receiving assistance in a particular State, and \$3 a month by the number of children receiving assistance. The Federal share of the payments made which are within the maximums described above, is for old-age assistance, aid to the blind, and aid to the permanently and totally disabled, four-fifths of the first \$30 of the average assistance payment, and one-half of the remainder up to a maximum of \$60, and in the aid to dependent children, fourteen-seventeenths of the first \$17 of the average assistance payment made under the program, and one-half of the remainder up to the maximum of \$32 or \$23. For medical care, the Federal share of payments made within the maximums of \$6 and \$3 is one-half, or \$3 and \$1.50.

Under the committee's bill, the method of determining the Federal share of State expenditures would be changed in two respects:

(1) The maximums on the payment made to the recipient and on the vendor expenditures made in his behalf in the form of medical or remedial care in which the Federal Government will participate would be combined into one maximum and on the basis of the average payment to all recipients in a State which maximum is applicable to the entire assistance expenditure, including both money payments to the needy recipients and medical care in their behalf. For old-age assistance, aid to the blind, and aid to the permanently and totally disabled, this maximum would be \$65 a month. In aid to dependent children, the maximum would be \$30 a month for each individual receiving assistance.

(2) The Federal share would be determined in part by the relative fiscal ability of the State as measured by average State per capita income.

The Federal share of assistance expenditures for the aged, blind, and disabled would be four-fifths of the first \$30 of the average monthly assistance expenditure (as at present). For needy dependent children, the Federal share would be changed from fourteen-seventeenths of the first \$17 of the average monthly assistance expenditures for individuals receiving aid to five-sixths of the first \$18 of such expenditures.

Federal participation in the assistance expenditures made above these maximums but within the overall limits determined by multiplying by \$65 the number of persons receiving old-age assistance, aid to the blind, and aid to the permanently and totally disabled each month; and by \$30 the number of persons receiving aid to dependent children each month would be increased above the present 50-50 matching for the lower income States. Federal participation in such payments would be 50 percent for States whose per capita income was equal to

or above the average per capita income for the United States, and would range upward to 70 percent for States whose per capita income is below the national average. The bill directs that the Secretary of the Department of Health, Education, and Welfare, between July 1 and August 31 of each even numbered year, shall promulgate the Federal percentage for each State on the basis of average per capita income of each State and of the continental United States, for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be used in determining the Federal share of State assistance expenditures for the succeeding 2 years. Special provision is made in the bill for the Secretary to promulgate a percentage as soon as possible after the enactment of this act, which shall be used for the 11 quarters in the period beginning October 1, 1958, through June 30, 1961.

The change to an average maximum holds many advantages for the States in simplification of administrative procedures by eliminating some detailed recordkeeping and by enabling the States, with Federal participation, to meet more adequately the unusual needs of individuals. This is difficult to do under the present law, inasmuch as the Federal maximums are stated in terms of payments to an individual. The combining of the Federal maximum on assistance paid as money payments to the individual and medical care in his behalf also is advantageous. This change will enable a State to decide to what extent it wishes to pay for medical care received by the needy through the method of making a payment in his behalf to the vendor of the medical care or giving him money so that he can purchase his own medical care, without being influenced by consideration of Federal financial sharing. The bill will make it clear that the Federal Government will be able to participate financially in State expenditures for medical care in those instances in which the recipient was eligible at the time the medical care was authorized, but who subsequently became ineligible for such reasons as death prior to the payment of the bill.

Under the bill, each State would receive additional Federal funds which would enable the States to increase the payments to individuals receiving aid as needed or to give assistance to additional needy people. The revised formula in the bill for determining the Federal share of assistance will be of particular assistance to States with limited fiscal resources and will enable these States to make more nearly adequate assistance payments. This will help to more nearly balance the level of assistance made available to needy people in the various parts of the country.

Estimated increase¹ in Federal funds by States under proposal in committee bill

State (in order of per capita income, 1954-56)	All programs combined		State (in order of per capita income, 1954-56)	All programs combined	
	Total annual increase	Monthly increase per recipient		Total annual increase	Monthly increase per recipient
United States total	<i>Thousands</i> \$249, 512	\$3. 94	Minnesota	<i>Thousands</i> 5, 305	\$5. 33
12 highest States	40, 593	1. 98	Kansas	2, 259	3. 32
27 middle States	106, 801	4. 47	Florida	8, 548	4. 14
12 lowest States	102, 118	5. 40	Arizona	2, 938	5. 96
Delaware	306	3. 05	Iowa	6, 333	7. 68
Connecticut	1, 091	2. 52	Texas	14, 117	3. 46
Nevada	205	2. 84	Nebraska	2, 192	6. 05
New Jersey	1, 281	1. 94	Maine	2, 015	5. 40
District of Columbia	957	4. 22	Virginia	3, 229	4. 52
California	4, 331	. 76	Utah	1, 299	4. 87
New York	8, 207	1. 85	Vermont	1, 050	7. 96
Illinois	5, 526	2. 15	Idaho	1, 624	9. 10
Michigan	6, 519	3. 50	Oklahoma	21, 480	10. 29
Massachusetts	3, 027	1. 81	New Mexico	3, 902	7. 72
Ohio	7, 412	3. 35	Louisiana	23, 536	7. 85
Maryland	1, 731	3. 12	Georgia	20, 706	9. 43
Washington	2, 718	2. 40	South Dakota	2, 610	10. 26
Rhode Island	1, 136	3. 75	North Dakota	1, 650	7. 74
Pennsylvania	6, 908	2. 99	West Virginia	8, 558	7. 06
Indiana	2, 947	3. 48	Tennessee	10, 333	6. 32
Oregon	1, 349	3. 19	Kentucky	7, 401	4. 27
Wyoming	199	2. 93	North Carolina	7, 127	3. 80
Montana	1, 125	5. 26	Alabama	6, 690	2. 36
Missouri	5, 582	2. 11	South Carolina	2, 967	3. 09
Colorado	2, 692	2. 72	Arkansas	9, 666	8. 65
Wisconsin	4, 718	5. 51	Mississippi	874	. 47
New Hampshire	532	4. 44	Alaska	217	2. 77
			Hawaii	387	2. 37

¹ Assuming States continue to spend as much per recipient per month from State and local funds as under present formula. Based on estimates by the States of recipients and expenditures for fiscal year 1959.

(4) Approval of certain State plans for aid to the blind

The bill provides for an additional 2-year extension of section 344 (b) of the Social Security Act, relating to aid to the blind programs in Pennsylvania and Missouri.

(5) Technical amendment

The Social Security Amendments of 1956 emphasized the importance of helping recipients attain self-care and required that State plans provide a description of the services the States agencies make available to recipients of public assistance. The language requiring this description was omitted from the amendments to title I in 1956. This technical amendment is added.

(6) Guam, Puerto Rico, and the Virgin Islands

The bill would amend the definition of "State" in the general provisions (title XI) so as to include Guam and thus extend the old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled programs to that island possession. Federal sharing in expenditures for public assistance in Guam would be on a 50-50 basis, the same as now in effect for Puerto Rico and the Virgin Islands. The limitation of the total amount of Federal grants for public assistance in Guam would be \$400,000. There are many points of comparability between Guam and the Virgin Islands, and Puerto Rico, both of which jurisdictions have public-assistance programs with Federal participation. Such programs as

public health, vocational educational, vocational rehabilitation, and employment services have already been extended to Guam.

The bill also increases the dollar amount of the authorization for both Puerto Rico and the Virgin Islands. Both of these territories have made very substantial fiscal effort to support their programs. The present formula for the Federal financing of public assistance for Puerto Rico and the Virgin Islands provides relatively less Federal funds than the formula in effect for other jurisdictions. In order to enable these territories to have more adequate financing of their public-assistance programs within the limits of the special formula applicable to them the bill increases the authorization for Puerto Rico from \$5,312,500 to \$8,500,000 and for the Virgin Islands from \$200,000 to \$300,000.

The bill continues the 50 percent matching for Puerto Rico and the Virgin Islands. For the aged, blind, and disabled, the former maximum of \$30 on money payments and \$6 on medical care vendor payments are combined into an average maximum of \$35. For aid to dependent children, the former maximums of \$18 and \$12 per recipient plus the \$6 and \$3 vendor payment medical care maximums are combined into a single average of \$18. The new formulas are extended to Guam.

B. MATERNAL AND CHILD WELFARE PROVISIONS

Your committee's bill would—

(1) Raise the ceilings on the amounts authorized for annual appropriations for maternal and child health services, crippled children's services, and child welfare services under title V of the Social Security Act; and

(2) Improve the child welfare provisions of the present law by removing inequities which now exist in extending these services as between children in urban areas and children in rural areas, and by liberalizing certain other provisions which have caused problems.

Testimony established the need for expanding these three programs.

In order to make possible in the immediate future more assistance to the States in extending and improving these important services for children, the bill provides an increase of \$5 million in the amounts authorized for annual appropriation for each of these programs as follows:

	Current Authorization	Recommended
Maternal and child health services.....	\$16,500,000	\$21,500,000
Crippled children's services.....	15,000,000	20,000,000
Child welfare services.....	12,000,000	17,000,000

The present law also limits the use of child welfare services funds to predominantly rural areas and other areas of special need. Three out of five children in the Nation now live in urban areas. Many families have shifted in the last decade from farms and small towns to cities where services have not expanded to meet their needs. In the light of these developments, the present law would be amended so as to make child welfare services generally available not only in rural

areas but also in urban areas and to give equal consideration to children in urban areas as to children in rural areas.

The bill also includes a new formula for the allotment of these funds whereby the allotment will be related directly to the total child population under 21 and inversely to the per capita income of the State. In order to assure that present services to children in rural areas are not reduced because of this change, the bill also includes a provision for a base allotment. The bill provides that if the amount allotted under the new formula is less than the State's base allotment, the amount shall be increased to the base allotment and the necessary adjustment made by reducing the allotments of other States. The base allotment is the amount which would have been allotted to the State for the particular year in which the appropriation is made, under the provisions of section 521 of the law in effect prior to the enactment of the 1958 amendments as applied to an appropriation of \$12 million (the amount currently authorized and which has been appropriated for the fiscal year ending June 30, 1959). The formula used for computing this base allotment would be, therefore, the same as in the present law, using rural child population statistics which subsequently become available and represent the current statistics for the year in which the appropriation is made.

The bill also makes several other improvements in the child welfare provisions of the law. One of these would establish a new provision authorizing reallocation of these funds, thereby enabling full utilization of funds appropriated for child welfare services.

Another provision liberalizes the present provisions concerning the use of these funds for the return of runaway children. The age limit of children who may be returned through these funds would be raised from 16 to 18 and the States would be authorized to use these funds for maintenance of runaway children, for a period not exceeding 15 days, pending their return. A matching provision has been added in order that the financial provisions for these grants are in the future consistent with those of other Federal grant programs.

The need for additional super grades in Social Security Administration and for increase in salary of Commissioner

For many years this committee has worked with officials and technical staff of the Social Security Administration in connection with the analysis legislation and the development of proposals for such legislation. The committee has been impressed with the high caliber and outstanding ability of the staff and with their diligence and devotion to the task which the committee has assigned to them. The committee is quite concerned over the fact the Social Security Administration, with over 23,000 employees, has one of the lowest incidences of supergrades of any comparable Federal agency. For example, the Bureau of Old-Age and Survivors Insurance with over 22,000 employees has only 3 supergrades. There are many agencies in the Government with only a fraction of this number of employees with more supergrades. The committee is aware that the Social Security Administration has grown rapidly and that this, together with numerical limitation provided by law, is the basic reason for its small number of supergrade positions. The committee wishes to call this to the attention of the executive branch as well as the appropriate congressional committees.

V. SECTION-BY-SECTION ANALYSIS

The first section of the bill contains a short title, the Social Security Amendments of 1958. The remainder of the bill is divided into seven titles as follows:

Title I—Increase in benefits under title II of the Social Security Act.

Title II—Amendments relating to disability freeze and disability insurance benefits.

Title III—Provisions relating to eligibility of claimants for social security benefits, and miscellaneous provisions.

Title IV—Amendments to the Internal Revenue Code of 1954.

Title V—Amendments relating to public assistance.

Title VI—Maternal and child welfare.

Title VII—Miscellaneous provisions.

TITLE I—INCREASE IN BENEFITS UNDER TITLE II OF THE SOCIAL SECURITY ACT

SEC. 101. INCREASE IN BENEFIT AMOUNTS

Section 101 of the bill contains provisions for effectuating the benefit increases that the bill would provide, including provisions for determining the new primary insurance amounts for both present and future beneficiaries through a benefit table and provisions to adjust minimum benefits for a sole survivor and maximum benefit amounts for families to the higher rates.

Primary insurance amount

Subsection (a) of section 215 of the Social Security Act, as amended by section 101 (a) of the bill, sets forth a table to effectuate the benefit increases provided by the bill for people who are on the benefit rolls before January 1, 1959, and to determine the benefit amounts of people who will come on the benefit rolls after December 31, 1958. The new primary insurance amounts, shown in column IV of the table, are stated in whole dollars only. (The primary insurance amount is the amount payable to the retired or disabled worker and the amount on which all other benefits are based.) The amounts in the table were computed by increasing the primary insurance amounts of present law by 7 percent and rounding the resulting amounts to the nearest whole dollar (with some minor adjustments to provide a smooth progression of dollar values), with a minimum increase of \$3.

The primary insurance amounts that would be provided by the table range from a minimum of \$33 for people whose average monthly wage is \$54 or less to a maximum of \$127 for people who will have the new maximum average monthly wage of \$400 that will become possible in the future with the \$4,800 annual earnings base that the bill would provide. The primary insurance amounts of retired workers who are now on the benefit rolls at the \$30 minimum would be raised to \$33. Retired workers who are now at the maximum primary insurance amount of \$108.50 would be raised to \$116.

The amended section 215 (a) also provides the method for computing primary insurance amounts through the use of the table.

The subsection provides that a person's primary insurance amount shall be the largest amount for which he can qualify under conditions set forth in the following subsections of the new section 215:

(1) Section 215 (b), which provides for computation of an average monthly wage based on earnings after 1950 only, with up to 5 years of lowest earnings excluded. This is the way in which benefits will be computed for most future beneficiaries. If this method is used, the worker's primary insurance amount is the amount in column IV of the table on the same line on which his average monthly wage appears in column III.

(2) Section 215 (c), which provides for determination of a primary insurance amount under the provisions of present law. The new primary insurance amount of a person for whom this method is used is the amount in column IV of the table on the same line on which his present-law primary insurance amount appears in column II. Basically, this is the method that will be used for people who are already on the benefit rolls, or who die, before January 1, 1959.

(3) Section 215 (d), which provides for determination of a primary insurance benefit under the rules generally applicable before the Social Security Act Amendments of 1950, with an average monthly wage computed over the period beginning with 1937 after dropping out up to 5 years of lowest earnings. Generally this method will be used for future beneficiaries who have not had significant earnings after 1950. If this method is used, the worker's primary insurance amount is the amount in column IV of the table on the same line on which appears his primary insurance benefit in column I of the table.

Under paragraph (4) of the new section 215 (a), a person who was entitled to a disability insurance benefit in the month before the month in which he became entitled to an old-age insurance benefit would have a primary insurance amount equal to the amount of his disability insurance benefit if that was larger than any other amount for which he could qualify. (See sec. 101 (h) of the bill, discussed below, for transitional conversion from disability benefit to primary insurance amount.)

Average monthly wage

Section 101 (b) of the bill amends section 215 (b) of the Social Security Act (relating to the computation of the average monthly wage) to make that section applicable solely to benefits determined under column III of the table. It further provides that the amended section 215 (b) could be used to determine the average monthly wage only of people with at least 6 quarters of coverage after 1950 who, after December 1958, either (1) become entitled to old-age insurance benefits or disability insurance benefits, or (2) die without becoming entitled to such benefits, or (3) file an application for a "work" recomputation under section 215 (f) (2) (A) of the Social Security Act and meet the conditions for such a recomputation as specified in such section 215 (f) (2) (A), or (4) die and in the month of death meet the conditions for such a "work" recomputation as specified in section 215 (f) (2) (A), or (5) file an application for a recomputation, under section 102 (f) (2) (B) of the Social Security Amendments of 1954, to drop up to 5 years of low earnings, and qualify for such a "dropout"

recomputation under such section 102 (f) (2) (B). The provision described in (5) does not appear in the House bill. It is a technical change required because of the changes made in section 101 (c), mentioned below.

Primary insurance amount under 1954 act

Section 101 (c) of the bill amends section 215 (c) of the Social Security Act to provide that people who became entitled to old-age or disability insurance benefits prior to the effective date of the bill, or who died prior to that effective date, would have their primary insurance amount computed under the provisions of the present law; this primary insurance amount would appear in column II of the table and would be converted to the new amount on the same line in column IV of the table. Section 101 (c) of the committee-approved bill differs slightly from that in the House bill as a result of certain technical and clarifying changes.

Primary insurance benefit under 1939 act

Section 101 (d) of the bill amends section 215 (d) of the Social Security Act, which relates to provisions for computing primary insurance benefits under the general provisions of the law as in effect prior to the Social Security Act Amendments of 1950. An individual who had his benefit computed by this method would have his primary insurance benefit, shown in column I of the table, converted to the primary insurance amount on the same line in column IV of the table.

The primary insurance benefit is used in present law to determine primary insurance amounts mainly in those cases where the worker's earnings in years before 1951 were more substantial than his earnings after 1950, and it would be so used under the bill. The primary insurance benefit computation would be applicable to people who have at least one quarter of coverage before 1951, provided that they meet the conditions which permit the computation of an individual's average monthly wage under the proposed section 215 (b) (except the requirement of 6 quarters of coverage after 1950). As under present law, this method of computation would not be available to people who attained age 22 after 1950 and had at least 6 quarters of coverage after 1950.

Minimum survivors or dependents benefits

Section 101 (e) of the bill amends section 202 (m) of the Social Security Act to raise from \$30 to \$33 (the first figure in column IV of the table in the new sec. 215 (a) of the Social Security Act) the minimum benefit payable to a sole survivor beneficiary.

Maximum benefits

Section 101 (f) of the bill amends section 203 (a) of the Social Security Act (relating to the total amount of benefits payable to a family on the basis of a single earnings record) to provide that the total of the benefits payable on the basis of a single earnings record may not exceed the amount appearing in column V of the benefit table (provided in sec. 101 of the bill) on the line on which, in column IV of the table, the primary insurance amount appears. The amended subsection also makes the limitation applicable to the total of the benefits payable on the earnings of disability insurance benefits.

Under present law, family benefits totaling \$50 or less are not subject to any maximum limitation. If the family benefits total more than \$50, they are limited to the largest of the following: \$50; $1\frac{1}{2}$ times the worker's primary insurance amount; and 80 percent of his average monthly wage. In no event can the total be more than \$200. For the purposes of the table, the \$50 minimum of present law was increased to \$53 and the \$200 maximum was increased to \$254. The maximum family benefit amounts between \$60 and \$254 were established as the greater of (a) $1\frac{1}{2}$ times the primary insurance amount, and (b) 80 percent of the upper average-monthly-wage amount in each bracket. The only exceptions to this method are at the very lowest levels, where the maximum amounts are set at \$1 intervals from the \$53 minimum to \$60 in order to effect a smooth progression of maximum family benefit amounts.

In the House bill the maximum limitation on family benefits at primary insurance amounts from \$69 to \$109 was set at 80 percent of the average of the upper and lower average-monthly-wage amounts in the applicable line in column IV of the table. Under the House bill, the maximum amount of family benefits payable in future cases where the worker's average monthly wage is above the midpoint of the range would have been smaller than that family could have received under the present law. The committee approved bill avoids this anomalous result by applying the 80-percent-of-average-monthly-wage limitation, at the levels where it applies, to the largest figure in column IV on each line.

Paragraph (1) of the amended section 203 (a) continues in the benefit table the effect of the provisions of present law for reducing family benefits in cases where (but for the provisions of sec. 202 (k) (2) (a) of the act, which limits the benefit payments of a child entitled to more than one benefit to the amount payable on the earnings record yielding the largest amount) a child would be entitled to benefits on the basis of the wages and self-employment income of more than one insured individual. In that case, the maximum amount of benefits payable to the family would be the sum of the maximum amounts payable on the earnings records of all the insured individuals on whose earnings records family members could be entitled to benefits. In no event, though, could the total family benefits exceed the largest amount of maximum family benefit payable (\$254).

Paragraph (2) of the amended subsection provides a saving clause to assure an increase in family benefits for people already on the benefit rolls when the bill becomes effective. In the absence of such a provision, some families now on the benefit rolls could receive little or no increase in benefits because their benefits are already at or near the maximum payable to the family as provided in the benefit table. The maximum family benefit in such cases would be the larger of (a) the maximum amount permitted under column V of the table, and (b) the maximum amount permitted under present law plus the increase made by section 101 (a) of the bill in the primary insurance amount of the insured individual on whose wages and self-employment incomes such family benefits are based.

Paragraph (3) of the amended subsection makes special provision relating to family benefits based on the earnings record of an indi-

vidual for whom a period of disability was established if the period began before the effective date of the bill and continued beyond that date until he became entitled to disability insurance benefits or old-age insurance benefits or until he died. The purpose of this provision is to assure that the family of such a person, regardless of when the family goes on the benefit rolls, will receive an increase in benefits as a result of the enactment of this bill. The family of a disabled person will be in approximately the same position, with regard to maximum family benefits payable, as the family already receiving benefits based on the earnings of a worker who died or became entitled as of the time the period of disability began. This provision is needed for this purpose only at levels of primary insurance amount at which maximum family benefits are in effect limited to 80 percent of the worker's average monthly wage—\$68 or over in column IV of the benefit table—and its application is limited to those levels of primary insurance amount. In no case could the provision raise the total of benefits payable to a family to more than the overall family maximum (\$254).

Whenever a reduction in family benefits is made under this subsection, each benefit, except the old-age insurance benefit and the disability insurance benefit, would be proportionately decreased. In any case in which benefits were reduced pursuant to the provisions of this subsection, the reduction would be made after any other deductions under section 203 of the Social Security Act (such as deductions on account of earnings) and any deductions under section 222 (b) of that act (relating to refusal of a disability insurance beneficiary to accept rehabilitation services).

Effective date

Section 101 (g) of the bill provides that the amendments made by section 101 shall be effective for monthly benefits beginning with January 1959, and for lump-sum death payments where death occurs after December 31, 1958.

Transitional conversion from disability insurance benefit to primary insurance amount

Section 101 (h) of the bill is a special transitional provision which will apply to an individual who was entitled to a disability insurance benefit for December 1958 and who died or became entitled to old-age insurance benefits in January 1959. Under the general rule in section 215 (a) (4), as set out in section 101 (a) of the bill, an individual entitled to a disability insurance benefit in the month before he dies or becomes entitled to old-age insurance benefits will have as his primary insurance amount (for retirement or survivor benefits) the amount in column IV of the table that is equal to his disability insurance benefit, if that is the largest amount to which he could become entitled. In the situation outlined above, the individual's disability insurance benefit, since it was derived from a primary insurance amount determined under the present law, does not have any direct tie in with column IV of the table, which contains the new benefit amounts. Thus, the general rule cannot be applied to this individual. Instead, section 101 (h) of the bill provides that his primary insurance amount shall

be the amount in column IV of the table on the same line on which in column II appears his present primary insurance amount. (This primary insurance amount in col. II is equal to his disability insurance benefit under present law.)

Saving provision

Section 101 (i) of the bill is a saving clause which would prevent benefits from being reduced because certain provisions of present law are not applicable to benefits for months after the effective date. Where benefits are payable retroactively for months before the effective date, based on a computation or recomputation of benefits for which application is filed after that date, the primary insurance amount on which the benefits for these months are based will be computed under the provisions of present law. If the amount so computed is larger than the amount as computed under section 215 as amended by the bill, this larger amount will be the individual's primary insurance amount for months after the effective date. If such primary insurance amount is not a multiple of a dollar, it will be rounded to the next higher dollar.

SECTION 102.—INCREASE IN WAGE BASE FROM \$4,200 TO \$4,800

Definition of wages

Section 102 (a) of the bill amends paragraph (2) of section 209 (a) of the Social Security Act (relating to the definition of "wages") to make the new \$4,800 earnings base applicable to wages after 1958.

Definition of self-employment income

Section 102 (b) of the bill amends paragraph (1) of section 211 (b) of the Social Security Act (relating to the definition of "self-employment income") to make the new \$4,800 earnings base applicable for taxable years ending after 1958.

Quarter and quarter of coverage

Section 102 (c) of the bill amends clauses (ii) and (iii) of section 213 (a) (2) (B) of the Social Security Act (relating to the definition of "quarter of coverage") to provide that, for calendar years after 1958, an individual shall be credited with a quarter of coverage for each quarter of the year if his wages for that year equal \$4,800 (rather than \$4,200 as in present law). He would also be credited with a quarter of coverage for each quarter of a taxable year ending after 1958 in which the sum of his wages and self-employment income equal \$4,800 (rather than \$4,200).

Average monthly wage

Subsection 102 (d) of the bill amends section 215 (e) of the Social Security Act (relating to the amount of annual earnings that can be counted in computing an individual's average monthly wage) so as to increase from \$4,200 to \$4,800 the maximum amount of annual earnings that may be counted in the computation of old-age, survivors, and disability insurance benefits, effective for calendar years after 1958, and to conform a reference to subsection 215 (d) to the changes made in that subsection by the bill.

**TITLE II—AMENDMENTS RELATING TO DISABILITY FREEZE AND
DISABILITY INSURANCE BENEFITS****SECTION 201. APPLICATION FOR DISABILITY
DETERMINATION**

Section 201 of the bill amends section 216 (i) (2) of the Social Security Act, which defines the term "period of disability," to effect a clarifying change. The amendment makes it clear that the disabled person must file an application while under the disability with respect to which he seeks to secure a "disability freeze."

Section 201 further amends section 216 (i) (2) of the act to provide that a period of disability may begin as early as the first day of the 18-month period which ends with the day before the day on which an individual files application for a disability determination. Section 216 (i) (2) of the Social Security Act now provides that a period of disability may begin no earlier than the first day of the 1-year period which ends with the day before the day on which the individual files application. This amendment is (under sec. 207 of the bill) effective with respect to applications for disability determinations filed after June 1961. Applications for a disability determination filed on or before June 30, 1961, are governed by section 216 (i) (4) of the Social Security Act, amended by section 203 of the bill.

**SECTION 202. RETROACTIVE PAYMENT OF DISABILITY
INSURANCE BENEFITS**

Section 202 (a) of the bill amends section 223 (b) of the Social Security Act to provide that an individual who would have been entitled to a disability insurance benefit for any month after June 1957 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the 12th month immediately succeeding such month. Under the existing law, applications filed prior to January 1958 were effective as far back as July 1, 1957, if the applicant was eligible. No benefits are now payable for months ending prior to the filing of an application where the application is filed after 1957.

Section 202 (b) of the bill amends section 223 (c) (3) of the Social Security Act, which defines the term "waiting period" for purposes of disability-insurance benefits, to provide that a waiting period may begin as early as the 1st day of the 18th month before the month in which an application for disability-insurance benefits is filed. The amendment complements the amendment in subsection (a). Section 223 (c) (3) of the act now provides that a waiting period may begin no earlier than the 1st day of the 6th month before the month in which an application is filed.

**SECTION 203. RETROACTIVE EFFECT OF APPLICATIONS
FOR DISABILITY DETERMINATION**

Section 203 of the bill amends paragraph (4) of section 216 (i) of the Social Security Act to extend for 3 years (through June 30, 1961) the time within which disabled workers can file applications on the basis of which the beginning of a period of disability would be established as early as the actual onset of disablement (provided

the other requirements of the law are met). It also eliminates a provision of this paragraph (requiring the applicant to be alive on July 1, 1955) which by virtue of the effective date applicable to this section would no longer be necessary.

SECTION 204. INSURED STATUS REQUIREMENTS

Period of disability

Section 204 (a) of the bill amends section 216 (i) (3) of the Social Security Act in two respects. It would remove the requirement that, in order for a period of disability to begin with respect to any quarter, an individual have 6 quarters of coverage during the 13-quarter period ending with such quarter. The second amendment would add a new requirement that an individual be fully insured. This new requirement will be satisfied with respect to any quarter if the individual would have been fully insured in such quarter had he attained retirement age and filed application for old-age insurance benefits on the first day of such quarter. Substantially the same requirement is already contained in section 223 (relating to disability-insurance benefits). This amendment is the same as that in the House bill except that a provision has been added to provide that a person for whom a period of disability could begin prior to 1951 need not be fully insured in order to meet the requirements for the freeze.

Disability insurance benefits

Section 204 (b) amends section 223 (c) (1) (A) of the act to remove the requirement that, in order to be insured for disability-insurance benefits in any month, an individual must be currently insured (as defined in sec. 214 of the act). This is in effect the same as the first amendment described above for the disability freeze.

SECTION 205. BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE BENEFICIARIES AND ELIMINATION OF THE OFFSET PROVISIONS

Payments from disability insurance trust fund

Section 205 (a) of the bill amends section 201 (h) of the Social Security Act to provide that the payment of monthly benefits of individuals entitled thereto on the basis of the wages and self-employment income of any individual entitled to disability-insurance benefits shall be made from the Federal disability insurance trust fund.

Wife's insurance benefits

Paragraph (1) of section 205 of the bill amends section 202 (b) of the act to provide that the wife of an individual entitled to disability-insurance benefits shall be entitled to wife's insurance benefits if she otherwise meets the existing requirements applicable to the wife of an individual entitled to old-age insurance benefits.

Paragraph (2) of subsection (b) amends paragraph (1) of section 202 (b) of the act to provide that the entitlement of a wife of a disability-insurance beneficiary shall terminate if her husband's entitlement to disability-insurance benefits ceases before he has attained retirement age.

Husband's insurance benefits

Paragraph (1) of section 205 (c) of the bill amends section 202 (c) (1) (C) of the act. Under this section of present law, a husband of an individual entitled to old-age insurance benefits, in order to be entitled to husband's insurance benefits, must have been receiving at least one-half of his support from such individual at the time she became entitled to such benefits. Under the amendment, the husband of an individual entitled to old-age insurance benefits or disability-insurance benefits will meet this support requirement in case such individual had a period of disability which did not end prior to her entitlement to such benefits, if he was receiving at least one-half of his support from such individual either at the beginning of her period of disability or at the time she became entitled to such benefits. Proof of such support must be filed within 2 years after the month in which she filed application with respect to such period of disability or 2 years after she became entitled to such benefits, depending on whether the support was claimed as of the beginning of the period of disability or the time she became entitled to old-age or disability-insurance benefits.

Paragraph (2) of section 205 (c) further amends section 202 (c) of the act to provide that the husband of a currently insured individual entitled to disability-insurance benefits shall be entitled to husband's insurance benefits if he otherwise meets the requirements applicable to the husband of an individual entitled to old-age insurance benefits.

Paragraph (3) of section 205 (c) amends section 202 (c) (1) of the act to provide that a husband's entitlement to husband's insurance benefits based on his wife's entitlement to disability-insurance benefits shall terminate in the event she ceases, before she becomes entitled to old-age insurance benefits, to be entitled to disability-insurance benefits.

Child's insurance benefits

Section 205 (d) of the bill amends section 202 (d) (1) of the act to provide monthly benefits for the child of a disability insurance beneficiary. The amendment also adds, as a time at which the dependency of a child on an individual is determined in certain cases, the beginning of a period of disability. If the parent has had a period of disability which did not end before he became entitled to old-age or disability insurance benefits or died, the dependency of the child may be determined as of the beginning of such period, at the time the parent became entitled to such benefits, or at the time of his death. Under the revised section 202 (d) (1) of the act, the benefits payable to the child of a disability insurance beneficiary would terminate if this parent's entitlement to disability benefits ceases before the parent attains retirement age or dies. The other bases for terminating the child's insurance benefits in existing law (e. g., death, attainment of age 18 when not under a disability, etc.) would also apply.

Widower's insurance benefits

Section 205 (e) of the bill amends section 202 (f) (1) (D) of the act. Under this section of present law, in order to be entitled to widower's insurance benefits, the widower of an individual who died a fully and currently insured individual must have been receiving

one-half of his support from such individual at the time of her death or at the time she became entitled to old-age insurance benefits. Under this amendment, if the woman worker had a period of disability which did not end before her death or before she became entitled to old-age or disability insurance benefits, the support requirement would be met if the widower was receiving at least one-half of his support from her at the time her period of disability began, or at the time of her death, or at the time she became entitled to old-age or disability insurance benefits. Proof of support must be filed within 2 years after the month in which she filed application with respect to her period of disability, or 2 years after the date of her entitlement or death, depending on the time as of which the support is claimed.

Mother's insurance benefits

Section 205 (f) of the bill amends section 202 (g) (1) (F) of the act to provide that, in the case of a former wife divorced, the requirement that she be receiving at least one half of her support from her deceased former husband may be met, if he had a period of disability which did not end prior to his death, either at the time such period began or at the time of his death.

Parent's insurance benefits

Section 205 (g) of the bill amends section 202 (h) (1) (B) of the act to provide that the requirement that a parent be receiving at least one-half of his support from the deceased individual may be met, if such individual had a period of disability which did not end prior to his death, either at the time such period began or at the time of the individual's death. Proof of such support must be filed within 2 years after such period began or two years after the date of such death, depending on the time as of which the support is claimed.

Simultaneous entitlement to benefits

Section 205 (h) of the bill amends section 202 (k) of the Act to make it applicable in the case of receipt by an individual of both disability insurance benefits and other benefits. The amended section would provide that whenever an individual is entitled to more than one monthly benefit (other than an old-age or disability insurance benefit) he shall be entitled to only the largest of such monthly benefits. If the individual is entitled to a disability insurance benefit for any month and to any other monthly insurance benefit for such month, such other benefit, after any reduction under section 202 (q) (relating to actuarial reduction of benefits in the case of certain female beneficiaries) and any reduction under section 203 (a) (relating to maximum benefits), shall be reduced, but not below zero, by an amount equal to the disability insurance benefit.

Adjustment of benefits of female beneficiary

Section 205 (i) of the bill amends section 202 (q) of the act (relating to actuarial reduction of benefits of female beneficiaries who receive wife's or old-age insurance benefits prior to age 65). This section now provides for redetermination of the amount of these benefits when the beneficiary becomes 65 to eliminate future reductions on account of months before 65 when her benefits were subject to reductions. The amendment would also provide for eliminating future reductions on account of the months for which she was no longer en-

titled to her benefits because her husband's disability ended or for which her benefits were suspended because of his refusal, without good cause, to accept available vocational rehabilitation.

Deduction provision

Section 205 (j) of the bill amends section 203 (c) of the act to make it clear that it applies only to benefits based on the record of an old-age insurance beneficiary. This section of the law provides for deductions from dependents benefits on account of earnings of the old-age insurance beneficiary.

Circumstances under which deductions not required

Section 205 (k) of the bill amends section 203 (h) of the act, which deals with cases in which deductions, which would otherwise be made from the benefits of a member of a household, are not made because the total of the benefits to all members of the household would remain the same. The amendment takes account of the repeal of section 224 (by sec. 206 of the bill) which relates to reduction of benefits based on disability in cases in which benefits under certain other programs are payable to the same beneficiary on account of disability.

Currently insured individual

Section 205 (l) of the bill amends section 214 (b) of the act to include, in the definition of "currently insured individual," an individual entitled to disability insurance benefits who has not less than 6 quarters of coverage during the 13-quarter period ending with the quarter in which he most recently became entitled to disability insurance benefits. Any quarter any part of which was included in a period of disability would not be counted as a part of the 13-quarter period unless such quarter was a quarter of coverage. This definition now relates only to cases of individuals who die or have become entitled to old-age insurance benefits.

Rounding of benefits

Section 205 (m) of the bill amends section 215 (g) of the act, which relates to the rounding of benefit amounts (to multiples of \$0.10) to take account of the repeal of section 224 (relating to the reduction of benefits based on disability).

Deduction on account of refusal to accept rehabilitation services

Section 205 (n) of the bill amends section 222 (b) of the act to provide that deductions shall be made from the benefits of a wife, husband, or child, entitled on the basis of the earnings record of a worker entitled to disability insurance benefits, for any month in which the disabled worker refuses, without good cause, to accept rehabilitation services and he suffers deductions from his benefits on account of the refusal.

Suspension of benefits based on disability

Section 205 (o) of the bill amends section 225 of the act to provide that whenever the benefits of a disability insurance beneficiary are suspended for any month, pending a determination as to whether or not his disability has ceased, the benefits to which his dependents are entitled on the basis of his earnings record shall also be suspended for such month.

SECTION 206. REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

Section 206 of the bill repeals section 224 of the Social Security Act, which requires that the disability insurance benefit, and the child's insurance benefit, of a disabled child who has attained age 18, be reduced by the amount of any other periodic Federal benefit (except compensation paid to a veteran by the Veterans' Administration for his service-connected disability, a reduction which was eliminated last year) or State workmen's compensation benefit paid on account of disability. The repeal of section 224 is effective with respect to benefits for the month in which the bill is enacted and succeeding months.

SECTION 207. EFFECTIVE DATES

Section 207 (a) provides effective dates for the amendments made by title II of the bill.

The amendments relating to applications for a disability determination (sec. 201 of the bill) would apply with respect to applications filed after June 1961.

The amendments relating to the retroactive payment of disability-insurance benefits (sec. 202 of the bill) would apply with respect to applications filed after December 1957.

The amendments relating to the retroactive effect of applications for disability determinations (sec. 203 of the bill) would apply with respect to applications filed after June 1958.

The amendments relating to the insured status requirements for a disability freeze and for disability insurance benefits (sec. 204 of the bill) would apply with respect to (1) applications for disability-insurance benefits or for a disability determination filed on or after the date of enactment of the bill, and (2) applications for such benefits or for such a determination filed after 1957 and prior to date of enactment of the bill if notice to the applicant of the decision of the Secretary of Health, Education, and Welfare with regard to the application has not been given on or prior to the date of enactment of the bill. No benefits for the month in which the bill is enacted or for any prior month would be payable or increased by reason of these amendments. Redetermination of the amount of monthly benefits to exclude periods of disability established by virtue of these amendments would not be prevented by the limitations placed on benefit recomputations by section 215 (f) (1) of the law.

The amendments relating to benefits for the dependents of disability insurance beneficiaries (sec. 205 of the bill) would apply with respect to monthly benefits under title II of the Social Security Act for months after the month in which the bill is enacted, but only if application for such benefits is filed on or after the date of enactment of the bill. The provision relating to repeal of reduction of benefits based on disability (sec. 206 of the bill) would apply with respect to monthly benefits under title II of the Social Security Act for the month in which the bill is enacted and succeeding months.

Section 207 (b) of the bill provides that in the case of an individual who would not be entitled to monthly benefits under section 202 of the act as a husband, widower, former wife divorced, or parent except

for the enactment of section 205 of the bill, the requirement that such an individual file proof of support within a 2-year period shall not apply if such proof is filed within 2 years after the month in which the bill is enacted.

TITLE III—PROVISIONS RELATING TO ELIGIBILITY OF CLAIMANTS FOR SOCIAL SECURITY BENEFITS, AND MISCELLANEOUS PROVISIONS

SECTION 301. ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS BENEFITS

Husband's insurance benefits

Section 301 (a) (1) amends section 202 (c) of the Social Security Act by making inapplicable in certain cases the requirement for husband's insurance benefits that the wife be currently insured and that the husband be dependent on her—cases in which the husband was actually or potentially entitled to widower's, parent's, or (disabled) child's insurance benefits in the month before his marriage to the person on the basis of whose earnings he is claiming husband's insurance benefits.

Section 301 (a) (2) amends the definition of "husband" in section 216 (f) of the Social Security Act to include a man who in the month prior to the month of his marriage to an individual was actually or potentially entitled to widower's, parent's, or (disabled) child's insurance benefits. Under existing law, he must be married to her for at least 3 years or be the father of her son or daughter.

Widow's insurance benefits

Section 301 (b) (1) amends subparagraph (B) of section 202 (e) (3) of the Social Security Act to provide for reinstating widow's benefits, which were terminated because the widow remarried, in cases where the widow's husband dies within 1 year after the remarriage and he was not fully insured. Present law permits reinstatement of widow's benefits only if the new husband dies within 1 year and she does not qualify as his widow.

Section 301 (b) (2) amends the definition of "widow" in section 216 (c) of the Social Security Act by including a woman whose deceased husband had legally adopted her son or daughter while she was married to him and while the son or daughter was under age 18 and a woman who, in the month before the month of her marriage to the person on the basis of whose earnings she is claiming benefits, was actually or potentially entitled to widow's, parent's, or (disabled) child's insurance benefits.

Widower's insurance benefits

Section 301 (c) (1) amends section 202 (f) of the Social Security Act by making inapplicable in certain cases the requirement for widower's insurance benefits that the deceased wife have been a currently insured person and that the widower have been dependent on her—cases in which he was actually or potentially entitled to parent's, widower's, or (disabled) child's insurance benefits in the month prior to his marriage to her.

Section 301 (c) (2) amends the definition of "widower" in section 216 (g) of the Social Security Act to include a man whose son or

daughter was adopted by the deceased wife while he was married to her and while the son or daughter was under age 18. Also included would be a man who, in the month before his marriage to the person on the basis of whose earnings he is claiming benefits, was actually or potentially entitled to widower's, parent's, or (disabled) child's insurance benefits.

Definition of "wife"

Section 301 (d) amends the definition of "wife" in section 216 (b) of the Social Security Act to include a woman who, in the month prior to the month of her marriage to the individual on whose record benefits are claimed, was actually or potentially entitled to widow's, parent's, or (disabled) child's insurance benefits.

Definition of "former wife divorced"

Section 301 (e) amends the definition of "former wife divorced" in section 216 (d) of the Social Security Act to include a woman whose husband legally adopted her son or daughter while she was married to him and while the child was under age 18.

Effective date

Section 301 (f) provides that the amendments made by section 301 shall apply with respect to monthly benefits for months following the month in which the amendments are enacted, but only if an application for the benefits is filed on or after the date of enactment.

SECTION 302. ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS BENEFITS

Definition of "child"

Section 302 (a) amends the definition of "child" in section 216 (e) of the Social Security Act to include the legally adopted child of a retired person without compliance with the requirement in present law that the child have been adopted for at least 3 years. It further provides that a child who was living as a member of a deceased person's household would be considered the adopted child of the deceased person if, at the time that person died, the child was not receiving regular contributions toward his support from someone other than the deceased or his spouse or from a welfare organization furnishing services or assistance for children, and if the surviving spouse legally adopts the child within 2 years after that person dies.

Effective date

Section 302 (b) provides that the amendment made by section 302 shall apply with respect to monthly benefits beginning after the date of enactment of the bill, but only if an application for the benefits is filed on or after that date.

SECTION 303. ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S INSURANCE BENEFITS

Section 303 adds a new paragraph (3) to section 202 (g) of the Social Security Act to provide that, where mother's benefits were terminated because of the remarriage of a widow or former wife

divorced, they shall be reinstated if the remarriage is ended within 1 year by the husband's death and if she cannot become entitled to mother's insurance benefits on his earnings when he dies. The House bill would have reinstated the mother's benefits if her new husband died within 1 year and if she was not his "widow" as defined in the law. The committee changed this provision because in most cases the widow would have been the "widow" of the new husband as defined in the law but could not receive mother's insurance benefits on his earnings because she could not meet another requirement for entitlement to mother's insurance benefits—that she have her second husband's child in her care. Benefits under this section would not be payable earlier than the month in which the husband dies, the 12th month before the month in which an application is filed to reinstate the earlier benefits, or the month after the month in which these amendments are enacted, whichever is the latest.

SECTION 304. ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

Provisions relating to eligibility

Section 304 (a) amends section 202 (h) (1) of the Social Security Act by removing the bar to payment of parent's insurance benefits where a widow or child actually or potentially entitled to benefits survives a deceased worker. The amendment is made effective for months following the month in which the bill is enacted, but only if an application for benefits is filed on or after the date of enactment.

Deaths before effective date

Section 304 (b) is a saving clause to provide that benefits for persons who are on the benefit rolls when the amendment made by subsection (a) becomes effective shall not be reduced, through the operation of the provisions which limit the amount of the benefits which may be paid on the basis of a single earnings record (sec. 203 (a) of the Social Security Act), because of a parent's entitlement which results from the provisions of this section of the bill.

Proof of support in cases of deaths before effective date

Section 304 (c) extends, for 2 years after the month in which this bill is enacted, the period in which a parent may file proof of support by the deceased son or daughter in order to qualify for such benefits in cases in which parents are entitled to benefits by reason of the amendments made by this section.

SECTION 305. ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

Requirement that surviving spouse be a member of deceased's household

Section 202 (i) of present law provides that a spouse may receive a lump-sum death payment on the death of the worker if he or she was "living with" the worker at the time of death. The term "living with" is defined to mean that the spouse was living in the same household with the worker, or that the spouse was receiving regular con-

tributions from the worker, or that the worker was under a court order to contribute to the spouse's support.

Section 305 (a) amends section 202 (i) to delete this provision and substitutes a requirement that the spouse be living in the same household with the worker at the time of death.

Section 305 (b) removes the definition of "living with" from section 216 (h) of the Social Security Act since it is no longer required for any purpose.

Effective date

The amendments made by section 305 are made effective for lump-sum payments based on the earnings of workers who die after the month of enactment.

SECTION 306. ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE BENEFITS

Provisions relating to dependency

Section 306 (a) amends section 202 (d) of the Social Security Act to provide that the dependency of a disabled child who is over 18 (a condition of his eligibility for benefits) shall be determined in the manner provided in present law for the child who is under age 18. This would eliminate the special, additional, requirement that the disabled child over 18 be receiving at least half his support from the worker in order to be deemed dependent on him.

Effective date

The amendment is made effective for monthly benefits for months after the month in which this bill is enacted, but only if an application for such benefits is filed on or after the date of enactment of the bill.

SECTION 307. ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING CERTAIN SURVIVORS BENEFITS

Child's insurance benefits

Section 307 (a) amends section 202 (d) of the Social Security Act to provide that a (disabled) child's insurance benefits shall not be terminated because of marriage if the (disabled) child marries a person entitled to old-age insurance benefits, disability insurance benefits, widow's insurance benefits, widower's insurance benefits, (disabled) child's insurance benefits, mother's insurance benefits, or parent's insurance benefits. In the case of such child's marriage to a man entitled to disability insurance benefits or (disabled) child's insurance benefits, her benefits will end when her spouse is no longer entitled to his benefits unless the spouse dies or, in case he was entitled to disability insurance benefits, he becomes entitled to an old-age insurance benefit.

Widow's insurance benefits

Section 307 (b) amends section 202 (e) of the Social Security Act to provide that a widow's insurance benefits shall not be terminated by reason of her remarriage if the remarriage is to a person entitled to widower's, parent's, or (disabled) child's insurance benefits. In case

of her remarriage to an individual entitled to (disabled) child's insurance benefits, her entitlement will end if he ceases to be under a disability.

Widower's insurance benefits

Section 307 (c) amends section 202 (f) of the Social Security Act to provide that a widower's insurance benefits shall not be terminated because of his remarriage if the remarriage is to a person entitled to widow's, mother's, parent's, or (disabled) child's insurance benefits.

Mother's insurance benefits

Section 307 (d) amends section 202 (g) of the Social Security Act to provide that a mother's insurance benefits shall not be terminated by reason of her remarriage if the remarriage is to a person entitled to old-age, disability, widower's, parent's, or (disabled) child's insurance benefits. In case of her remarriage to a man entitled to disability insurance benefits or (disabled) child's insurance benefits, her benefits will end when her spouse is no longer entitled to his benefits unless the spouse dies, or, in case he was entitled to disability insurance benefits, he becomes entitled to an old-age insurance benefit.

Parent's insurance benefits

Section 307 (e) amends section 202 (h) of the Social Security Act to provide that a parent's insurance benefits shall not be terminated because of remarriage if the remarriage is to a person entitled to widow's, widower's, mother's, parent's or (disabled) child's insurance benefits. In case the remarriage is to a male individual entitled to (disabled) child's insurance benefits, the female parent's entitlement will end if her new husband ceases to be under a disability.

Deduction provisions

Section 307 (f) amends section 203 (c) of the Social Security Act by redesignating the present subsection (c) as paragraph (1) of subsection (c) and adding a new paragraph (2) to provide for deductions from a (disabled) child's or mother's insurance benefits for any month in which the person entitled thereto is married to someone entitled to an old-age insurance benefit who incurs deductions from his old-age insurance benefits because of his earnings.

Deductions on account of refusal to accept rehabilitation services

Section 307 (g) amends section 222 (b) of the Social Security Act to provide for deductions from a (disabled) child's or mother's insurance benefits for any month in which the person entitled thereto is married to someone entitled to disability insurance benefits who incurs deductions, for such month, for refusal to accept rehabilitation services.

Effective date

Section 307 (h) provides that the amendments made by section 307 (other than the amendments to the deduction provisions made by subsections (f) and (g)) shall be effective for months following the month in which this bill is enacted. In the case of benefits terminated before enactment which would not have been terminated had this bill been in effect, however, the amendments will be effective only if an application for such benefits is filed after the month in which the bill

is enacted. The amendment made by subsection (f) applies to benefits for months in any taxable year of the working spouse beginning after the month in which this bill is enacted; the amendment made by subsection (g) applies to benefits for months after such month of enactment in which deductions are incurred by the spouse for refusal to accept rehabilitation services.

SECTION 308. AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF BENEFITS

Section 308 of the bill makes several changes in section 203 of the Social Security Act, which relates to imposition of deductions from old-age and survivors insurance benefits on account of earnings over the exempt amount or occurrence of other events.

Section 308 (a) of the bill amends section 203 (e) (2) of the act to change the order of charging earnings in excess of the exempt amount (\$1,200 for a full taxable year) to months of the taxable year. Excess earnings are to be charged (at the rate of \$80 per month) to the first month of the taxable year and then to each succeeding month, instead of (as under existing law) to the last month and then to each preceding month.

Section 308 (b) of the bill amends section 203 (e) (3) (A) of the act to make a conforming change.

Section 308 (c) of the bill amends sections 203 (e) (2) (D) and 203 (e) (3) (B) (ii) of the act to increase from \$80 to \$100 the amount of wages that a beneficiary may earn in a month without having benefits withheld even if excess earnings are charged to such month as indicated above, provided he does not perform substantial services in self-employment in such month. (This change does not affect the provision, described above, which requires that earnings in excess of the exempt amount be charged to the months of the year in units of \$80.)

Section 308 (d) of the bill amends section 203 (g) (1) of the act to provide that a beneficiary who has had his benefits suspended under the earnings test for all months (of a taxable year) in which he is under 72, does not have to file an annual report of earnings with the Secretary for that year. It further provides that the beneficiary (or his survivors) has a period of 3 years, 3 months, and 15 days after the close of the year in which to file information that benefits are due for any month in the year; if this is not done, no benefits may be paid for such month.

Section 308 (e) makes a conforming change in section 203 (1) of the act, which relates to good cause for failure to make required reports. Section 308 (f) of the bill makes the amendments made by the section effective for taxable years beginning after the month of enactment.

SECTION 309. REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Section 309 of the bill amends section 206 of the Social Security Act to eliminate the requirement that an attorney desiring to represent claimants before the Secretary must, as a matter of course, file a certificate of his right to practice.

SECTION 310. OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

Section 310 amends section 208 of the Social Security Act, which is designed to protect the old-age and survivors system against fraud.

The present section 208 specifically applies to the making of false statements (such as tax returns, tax claims, and the like) about covered earnings for the purpose of obtaining or increasing benefits; and to the making of false statements, affidavits, or documents in connection with an application for benefits, regardless of whether made by the applicant or some other person. Section 310 of the bill amends section 208 to make the penalty provision clearly applicable in connection with willful failure to disclose material information as well as positive action; in connection with noncovered as well as covered earnings; and in connection with suspensions, terminations, and misuse of benefits, and disability determinations, as well as in connection with applications for benefits. The penalty provision would thereby be clarified and brought up to date to take account of major amendments to the program adopted in 1954 and 1956, such as the provisions on disability and the application of the earnings test to noncovered work.

SECTION 311. EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN PRODUCTS

Section 311 (a) of the bill amends section 210 (a) (1) of the Social Security Act by removing the specific exclusion from employment of service performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum, spirits of turpentine, and gum resin, if such processing is carried on by the original producer of the crude gum. Subsection (b) provides that the amendment made by subsection (a) shall apply to service performed after 1958.

SECTION 312. EMPLOYMENT FOR NONPROFIT ORGANIZATIONS

Section 312 (a) of the bill amends section 210 (a) (8) (B) of the Social Security Act to make the exclusion from employment now provided by section 210 (a) (8) (B) conform to the changes that section 405 of the bill makes in section 3121 (k) of the Internal Revenue Code of 1954. Subsection (b) provides that the amendment made by subsection (a) shall be effective with respect to certificates filed under section 3121 (k) of the Internal Revenue Code after the date of enactment.

SECTION 313. PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

Section 313 (a) of the bill provides for the crediting of a deceased partner with a share of the partnership's earnings or loss, for social-security purposes, for the year of his death. A detailed discussion of this amendment appears in the explanation (in this report) of section 403 (a) of the bill.

Section 313 (b) of the bill provides that the amendment made by subsection (a) shall apply with respect to individuals who die after the date of enactment of the bill; and with respect to individuals who die after 1955 and on or before the date of enactment, but only if the requirements of section 403 (b) (2) of the bill are met.

SECTION 314. GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO SERVED IN ARMED FORCES OF ALLIED COUNTRIES

General rule

Section 314 (a) of the bill amends section 217 of the Social Security Act to extend the noncontributory wage credits, provided under section 217 of the act, to certain American citizens who, prior to December 9, 1941, entered the active military or naval service of countries that, on September 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of \$160 would be provided for each month of such service performed after September 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a United States citizen throughout the period of his active service or have lost his United States citizenship solely because of his entrance into such active service. He must have resided in the United States for at least 4 years during the 5-year period ending on the day of his entrance into such active service and must have been domiciled in the United States on such day. Separation from such active service must either have been (1) through discharge under conditions other than dishonorable after active service of at least 90 days or by reason of an injury incurred or aggravated in line of duty, or (2) through death in such service.

Paragraph (2) of the new subsection provides that the parent of an individual to whom paragraph (1) applies shall have 2 years after the date of enactment of the bill, or after the date of the death of such individual, whichever is later, in which to file proof of support as required in section 202 (h) of the Social Security Act.

Reimbursement to disability insurance trust fund

Section 314 (b) of the bill makes a technical change in section 217 (g) of the Social Security Act, which authorizes appropriations to reimburse the "trust fund" for costs arising out of the granting of non-contributory wage credits under such section 217. The term "trust fund" is changed to "trust funds," in recognition of the creation of the separate Federal disability insurance trust fund by the 1956 amendments.

Effective date

Paragraph (1) of section 314 (c) of the bill provides that the amendment made by section 314 (a) shall apply only with respect to monthly benefits under sections 202 and 223 of the Social Security Act for months after the month in which the bill is enacted, to lump-sum death payments under section 202 of the act in the case of deaths occurring after the month in which the bill is enacted, and to periods of disability under section 216 (i) of the act in the case of applications.

for a disability determination filed after the month in which the bill is enacted.

Paragraph (2) of section 314 (c) of the bill provides that the primary insurance amount of an individual to whom the amendment made by section 314 (a) of the bill is applicable shall be recomputed to reflect, in any benefit to which such individual (or his survivors) may already be entitled, the wage credits provided by the amendment made by section 314 (a) of the bill.

SECTION 315. POSITIONS COVERED BY STATE AND LOCAL RETIREMENT SYSTEMS

Division of retirement systems

Paragraph (1) of section 315 (a) of the bill divides section 218 (d) (6) of the act into a number of subparagraphs, and modifies the provisions of such section which permit social security coverage to be extended to only those members of a State or local retirement system who desire such coverage. These provisions are modified in three ways.

First, Massachusetts and Vermont are added to the list of States to which such provisions apply.

Second, the provisions (for extending coverage to only those members of a retirement system who desire such coverage) are modified by the addition of a new subparagraph (E) which makes coverage available, under these provisions, for persons who have an option to join a State or local system but who have not chosen to become members of the system. If the modification providing coverage under the divided retirement system procedure is approved after 1959, individuals having an option to join the State or local system would have to be treated in the same manner as members of the system; the State would have no option as to the treatment of such individuals. However, if the modification is approved before 1960, the State would have the option as to whether these persons would be given an opportunity, under the divided retirement system provision, of securing coverage. In the case of coverage actions which have been completed (whether before or after enactment date) coverage could be made available by the State, if it so desired, to persons having an option to join a State or local system under the procedure (described below) provided for in a new subparagraph (F).

Third, the provisions for covering only those members of a State or local retirement system who desire such coverage would be modified by the addition of a subparagraph (F). This new subparagraph would give individuals who are in the group of persons which did not desire social security coverage another chance to obtain coverage. The State could transfer these persons to the group of persons desiring coverage if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary before 1960, or, if later, within 1 year after coverage was approved for the group which elected in favor of coverage. Coverage could be provided under this procedure only for those persons who filed a request therefor with the State before the date of approval by the Secretary of the modification providing for the coverage of the additional persons.

Paragraph (2) of section 315 (a) of the bill amends section 218 (d) (7) of the act (providing a simplified procedure for social

security coverage under the provisions of sec. 218 (d) (6), which relate to extension of coverage to those persons under State or local retirement systems desiring such coverage) to take account of the rearrangement of section 218 (d) (6).

Paragraph (3) of section 315 (a) of the bill amends section 218 (k) (2) of the act, which makes applicable to interstate instrumentalities the provisions of section 218 (d) (6) which permit the extension of Social Security coverage to only those persons under State or local retirement systems who desire such coverage. Paragraph (3) makes applicable to interstate instrumentalities the provisions of paragraph (1) of the bill which relate to the coverage of an individual who is not a member of a State or local retirement system but is eligible to become a member of such system. Paragraph (3) further amends section 218 (k) (2) of the act to take into account the rearrangement of section 218 (d) (6) of the corresponding provision of prior law.

Coverage under other retirement systems

Section 315 (b) amends section 218 (d) of the act by adding a new paragraph (8) to facilitate coverage for persons in positions which are covered under more than one State or local retirement system. Subparagraph (A) of the new paragraph provides that if, after December 31, 1958, an agreement is made applicable to service in positions covered by a State or local retirement system, service performed by an individual in a position covered by such a system may not be excluded from the agreement because the position is also covered under another retirement system. Subparagraph (B) of the new paragraph provides that subparagraph (A) shall not apply to services performed by an individual in a position covered under a retirement system if such individual, on the day the agreement is made applicable to service performed in positions covered by such retirement system, is not a member of such system but is a member of another system. Subparagraph (C) provides that in cases where, prior to 1959, an agreement is made applicable to service in positions covered by any retirement system, the State may modify the agreement to make subparagraphs (A) and (B) applicable to such system. Thus, in the case of retirement systems brought under coverage before 1959, the operation of subparagraphs (A) and (B) would be at the option of the State; in the case of retirement systems brought under coverage after 1958 subparagraphs (A) and (B) would apply automatically. The new subparagraph (D) states that nothing in the paragraph authorizes the application of an agreement to services in any policeman's or fireman's position in those States where such coverage is not specifically authorized in the act.

Retroactive coverage for certain State and local government employees

Section 315 (c) of the bill amends section 218 (f) of the act by adding a new paragraph (2) to make retroactive coverage available under State agreements to certain persons whose employment with the State or locality may be terminated before the agreement or modification extending coverage to the individual's position is executed. Under present law only persons who are employed on the date the coverage agreement or modification is executed may obtain

retroactive coverage. Under the new paragraph the State could obtain retroactive coverage for all persons employed by the State or locality on a date specified by the State. The date specified could not be earlier than the date the State submits the modification. If no date is specified by the State, retroactive coverage would be available only for individuals who are still employees on the date the modification is approved by the Secretary. The new provision would be effective for agreements or modifications executed after the enactment date.

TITLE IV—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

SECTION 401. CHANGES IN TAX SCHEDULES

Self-employment income tax

Section 401 (a) amends section 1401 of the Internal Revenue Code of 1954 to increase the social-security tax rate on self-employment income. Under present law the taxes on self-employment income are as follows:

Taxable years beginning after :	Tax rate (percent)
1956-----	3 $\frac{3}{8}$
1959-----	4 $\frac{1}{8}$
1964-----	4 $\frac{7}{8}$
1969-----	5 $\frac{5}{8}$
1974-----	6 $\frac{3}{8}$

The tax rates provided by the bill are as follows:

Taxable years beginning after :	Tax rate (percent)
1958-----	3 $\frac{3}{4}$
1959-----	4 $\frac{1}{2}$
1962-----	5 $\frac{1}{4}$
1965-----	6
1968-----	6 $\frac{3}{4}$

Tax on employees and employers

Sections 401 (b) and 401 (c) amend section 3101 and section 3111, respectively, of the Internal Revenue Code of 1954 to increase the social security tax rate on wages for both employees and employers. Under present law the tax rates are as follows:

Calendar years :	Tax rate, employer and employee, each (percent)
1957-59 inclusive-----	2 $\frac{1}{4}$
1960-64 inclusive-----	2 $\frac{3}{4}$
1965-69 inclusive-----	3 $\frac{1}{4}$
1970-74 inclusive-----	3 $\frac{3}{4}$
1975 and after-----	4 $\frac{1}{4}$

The tax rates provided by the bill are as follows:

Calendar years :	Tax rate, employer and employee, each (percent)
1959-----	2 $\frac{1}{2}$
1960-62 inclusive-----	3
1963-65 (inclusive)-----	3 $\frac{1}{2}$
1966-68 inclusive-----	4
1969 and after-----	4 $\frac{1}{2}$

Effective dates

Section 401 (d) provides that the amendment made by section 401 (a) of the bill, shall apply with respect to taxable years which

begin after December 31, 1958, and that the amendments made by subsections (b) and (c) of section 401 of the bill shall apply with respect to remuneration paid after December 31, 1958.

SECTION 402. INCREASE IN TAX BASE

Definition of self-employment income

Section 402 (a) of the bill amends section 1402 (b) (1) of the code by increasing the limitation on self-employment income subject to the self-employment tax (for taxable years ending after 1958) from \$4,200 to \$4,800.

Definition of wages

Section 402 (b) of the bill amends section 3121 (a) of the code, relating to the definition of the term "wages" for purposes of the Federal Insurance Contributions Act. Section 3121 (a) (1) of existing law provides that the term "wages" does not include that part of the remuneration paid within any calendar year by an employer to an employee which exceeds the first \$4,200 of such remuneration (exclusive of remuneration excepted from wages by the succeeding paragraphs of sec. 3121 (a)) paid within such calendar year by such employer to such employee for employment. The amendment would increase the amount of the limitation from \$4,200 to \$4,800 but otherwise would make no change in the provisions of section 3121 (a).

Federal service

Section 402 (c) of the bill amends section 3122 of the code, relating to Federal service, so as to conform the provisions of such section to the increase made by the bill in the limitation on wages from \$4,200 to \$4,800.

Special refunds of employee tax

Section 402 (d) of the bill amends section 6413 (c) of the code, relating to special refunds of employee tax paid on aggregate wages in excess of \$4,200 received by an employee from more than 1 employer during a calendar year, so as to conform (for calendar years after 1958) the special refund provisions to the increase made by the bill in the limitation on wages from \$4,200 to \$4,800.

Effective date

Under section 402 (e), the amendments made by subsections (b) and (c) of section 402 are made applicable only with respect to remuneration paid after 1958.

SECTION 403. PARTNER'S TAXABLE YEAR ENDING AS THE RESULT OF DEATH

Section 403 of the bill amends section 1402 of the Internal Revenue Code of 1954 by adding a subsection (f), relating to the computation of the "net earnings from self-employment" of a partner whose taxable year ends, because of his death, within the taxable year of the partnership.

General rule

Under section 1402 (a) of the 1954 Code the distributive share of partnership income which the partner is required to include in computing his net earnings from self-employment is based on the ordinary income or loss of the partnership for the taxable year of the partnership ending within or with the partner's taxable year. If the partner's taxable year ends, because of his death, on any day other than the last day of the partnership's taxable year, the partner's final taxable year would not include any part of the ordinary income or loss of the partnership for its current taxable year because such current taxable year does not end within the partner's last taxable year. Thus, for such partner's last taxable year no amount of his distributive share of the partnership income or loss for the current partnership taxable year would be included in his net earnings from self-employment.

The new section 1402 (f) provides that if, as a result of a partner's death, his taxable year ends within (but not with) the taxable year of the partnership there will be included in computing such partner's net earnings from self-employment for the taxable year ending with his death so much of the deceased partner's distributive share of the partnership's ordinary income or loss for the partnership taxable year as is not attributable to an interest in the partnership during any period beginning on the first day of the first calendar month following the month in which the partner died.

Under paragraph (1) of new section 1402 (f) the ordinary income or loss of the partnership is treated as if it had been realized or sustained ratably over the partnership taxable year for purposes of determining under new section 1402 (f) the deceased partner's distributive share which is attributable to any interest in the partnership during any period on or after the first day of the first calendar month following the month in which such partner died.

Under paragraph (2) of section 1402 (f) the term "deceased partner's distributive share" is defined, for purposes of the new subsection, to include the share of his estate or of any other person succeeding, by reason of the death of the partner, to rights with respect to his partnership interest. The "deceased partner's distributive share" does not include any share attributable to a partnership interest which was not held by the deceased partner prior to his death. Thus, if a deceased partner's estate should increase its interest in the partnership the amount of the distributive share attributable to such additional interest acquired by the estate would not be included in computing the "deceased partner's distributive share" of the partnership's ordinary income or loss for the partnership taxable year.

Effective date

Subsection (b) of section 403 of the bill contains the effective date provision applicable to new section 1402 (f). The new section 1402 (f) applies with respect to individuals who die after the date of the enactment of this bill. It will also apply to an individual who died after 1955 and on or before the date of the enactment of this bill if (1) there is filed before January 1, 1960, a self-employment tax return (or amended return) for the taxable year ending as a result of the individual's death, and (2) where the return is filed solely for the

purpose of reporting net earnings from self-employment resulting from the new section 1402 (f), the return is accompanied by the amount of self-employment tax attributable to such net earnings. In a case in which new section 1402 (f) does apply to an individual who died after 1955 and on or before the date of the enactment of this bill, no interest or penalty is to be assessed or collected on the amount of any self-employment tax due solely by reason of the operation of new section 1402 (f).

SECTION 404. SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

Removal of exclusion from definition of employment

Section 404 (a) of the bill amends section 3121 (b) (1) of the code, relating to the exclusion from employment of certain types of agricultural labor. Section 3121 (b) (1), as amended by the bill, retains the exclusion contained in subparagraph (B) of section 3121 (b) (1) of existing law. However, the amendment removes the exclusion contained in existing section 3121 (b) (1) (A) applicable to service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended. Under the amendment services referred to in the preceding sentence will be covered under the Federal Insurance Contributions Act on the same basis as other agricultural labor.

Effective date

Under section 404 (b) of the bill, the amendment made by section 404 (a) is made effective with respect to service performed after 1958.

SECTION 405. NONPROFIT ORGANIZATIONS WAIVER CERTIFICATES

General rule

Section 405 (a) of the bill amends section 3121 (k) (1) of the Internal Revenue Code of 1954, relating to waivers of tax exemption which may be filed by certain religious, charitable, etc., organizations. Under present law, such an organization may file a certificate waiving exemption from tax under chapter 21 of such code only if two-thirds or more of its employees concur in the filing of such certificate, and such certificate is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of such certificate. Such list may be amended, pursuant to existing law, by the filing of a supplemental list at any time before the expiration of 24 months following the first calendar quarter for which the certificate is effective or at any time before January 1, 1959, whichever is later. The certificate becomes effective, under present law, for the calendar quarter in which filed or the following calendar quarter, whichever is specified in the certificate, except that in the case of employees concurring on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate becomes effective with respect to services performed by such employees in the calendar quarter following the calendar quarter in which the supplemental list is filed.

Section 405 (a) of the bill amends section 3121 (k) (1) of the code so as to provide that a certificate filed by an organization pursuant to that section shall become effective for the calendar quarter in which filed, for the following calendar quarter, or for any calendar quarter preceding the calendar quarter in which the certificate is filed, whichever is specified in the certificate by the organization, except that, in the case of a certificate filed before January 1, 1960, the certificate may not be made effective earlier than January 1, 1956. An organization that has filed a certificate prior to enactment of the bill but after 1955 may request that the certificate be made effective for any calendar quarter preceding the calendar quarter for which it originally was effective, but not earlier than January 1, 1956. In the case of a certificate filed after 1959, the certificate may not be made effective for a calendar quarter earlier than the fourth calendar quarter preceding the calendar quarter in which the certificate is filed. Furthermore, in the case of employees concurring on a supplemental list filed after the first month following the calendar quarter in which the certificate is filed, the certificate is effective with respect to services performed by such employees in the calendar quarter in which the supplemental list is filed. In addition, section 405 (a) of the bill amends section 3121 (k) (1) of the code so as to provide that an organization described in section 3121 (k) (1) which employs individuals who are in positions covered by a pension, annuity, retirement, or similar fund or system established by a State or political subdivision thereof, and which employs individuals who are not in such positions, shall separate its employees who are in such positions and its employees who are not in such positions into 2 groups for purposes of section 3121 (k) (1) of the code. One group shall consist of employees who are members, or are eligible to become members, of such fund or system; and the other group shall consist of all remaining employees.

A waiver may be filed with respect to the employees in either group, or separate waivers may be filed with respect to the employees in the two groups, provided two-thirds or more of the employees in the particular group concur in the filing of the certificate. Section 405 (a) of the bill also amends section 3121 (k) (1) of the code so as to provide that, in the case of any certificate filed pursuant to section 3121 (k) (1) which is effective earlier than the calendar quarter in which it is filed, all returns and taxes for the earlier calendar quarters shall be due on the last day of the first calendar month following the calendar quarter in which the certificate is filed. The statutory period for assessment of such taxes shall not be less than 3 years from such due date.

Conforming amendment

Section 405 (b) of the bill amends section 3121 (b) (8) (B) of the Internal Revenue Code of 1954, which, in effect, provides an exemption from the tax under chapter 21 of the code in respect of services performed for certain religious, charitable, etc., organizations. The amendment made by section 405 (b) of the bill is a conforming amendment made necessary by reason of the new subparagraph (E) contained in the amendment of section 3121 (k) (1) of the code made by section 405 (a) of the bill.

Under present law, services performed as an employee of such an organization are excepted from employment (and the remuneration

therefor is thus exempt from tax) under chapter 21 unless the employee's signature appears on the list of employees concurring in the filing of a certificate under section 3121 (k) (1) of the code (relating to waivers of tax exemption which may be filed by such an organization) and such services are performed on or after the date on which the certificate became effective with respect to such employee, or unless the employee entered the employ of the organization after the calendar quarter in which the certificate was filed.

Section 405 (b) of the bill amends section 3121 (b) (8) (B) so as to add a new provision in respect of employees of an organization which, under the new section 3121 (k) (1) (E) of the code, is required to divide its employees into 2 groups for purposes of section 3121 (k) (1) (see the discussion in this report of the amendments made by sec. 405 (a) of the bill). Pursuant to this new provision, services performed as a member of such a group by an individual who became a member of that group after the calendar quarter in which a certificate under section 3121 (k) (1) was filed with respect to such group shall not be excepted from employment under section 3121 (b) (8) (B) of the code. However, a member of one such group with respect to which a certificate is in effect who becomes a member of the other group shall not, as to his services as a member of such other group, be covered by the certificate filed with respect to the first group.

Effective date

Pursuant to section 405 (c) of the bill, the amendments made by sections 405 (a) and 405 (b) of the bill are effective only with respect to certificates under section 3121 (k) (1) of the code which are filed after the date of enactment of the bill.

SECTION 406. EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

Section 406 of the bill amends section 6334 (a) of the code, relating to enumeration of property exempt from levy, by adding a paragraph (4) dealing with unemployment benefits. Pursuant to such paragraph (4), amounts payable to an individual under an unemployment compensation law of the United States, of any State or Territory, or of the District of Columbia or of the Commonwealth of Puerto Rico, with respect to the unemployment of such individual, including any portion of the amount which is payable with respect to dependents, are expressly exempted from levy for the collection of any tax imposed by the Internal Revenue Code of 1954.

TITLE V—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

Sections 3 (a), 1003 (a), and 1403 (a) of the Social Security Act now provide for paying to each State with a plan approved under titles I, X, and XIV, respectively, four-fifths of the first \$30 of the average monthly money payment per recipient, plus one-half of the remainder of such average payment, but excluding that part of any payment to any individual for any month in excess of \$60. With respect to assistance expenditures for medical care or any other type of remedial care in behalf of recipients, the Federal payment is one-half within an average monthly expenditure of \$6 per recipient.

SECTION 501. OLD-AGE ASSISTANCE

Section 501 of the bill would amend section 3 (a) of the Social Security Act so as to provide for an average monthly maximum of \$65 on the amount of State expenditures for old-age assistance in which the Federal Government would share, and to relate a portion of the Federal contribution to the fiscal ability of the State. The Federal payment would be four-fifths of the first \$30 of the average monthly payment per recipient, including assistance in the form of money payments and in the form of medical or any other remedial care, plus an amount that would be equal to the Federal percentage of the remainder (determined for each State as set out in sec. 505 of the bill), but excluding that part of the average monthly payment per recipient in excess of \$65.

The number of recipients to be used in determining the Federal payment with respect to any month would be the number who received cash payments for that month, plus the number with respect to whom expenditures were made in such month as old-age assistance in the form of medical care. In determining the latter number, individuals who were eligible when the care was provided would be counted even though not eligible when the medical bill was paid.

SECTIONS 503 AND 504. AID TO THE BLIND AND TOTALLY DISABLED

Sections 503 and 504 amend sections 1003 (a) and 1403 (a) of the Social Security Act relating to aid to the blind and aid to the permanently and totally disabled, respectively, so as to provide a similar formula for the programs of assistance for the blind and disabled.

SECTION 502. AID TO DEPENDENT CHILDREN

Section 403 (a) of the Social Security Act now provides for paying to each State with a plan approved under title IV, fourteen-sevenths of the first \$17 of the average monthly payment per recipient plus one-half the remainder of such average payment, but excluding that part of any payment with respect to the first dependent child in the home and the adult caretaker in excess of \$32 each, and with respect to each of the other dependent children in the home in excess of \$23. With respect to assistance expenditures for medical care or any other type of remedial care in behalf of recipients of aid to dependent children, the Federal payment is one-half within an average monthly expenditure of \$3 per dependent child, and with respect to the adult caretaker within an average monthly expenditure of \$6.

Section 502 of the bill would amend section 403 (a) of the Social Security Act so as to provide for an average monthly maximum of \$30 on the amount of State expenditures for aid to dependent children in which the Federal Government would share, and to relate a portion of the Federal contribution to the fiscal ability of the State. The Federal payment would be five-sixths of the first \$18 of the average monthly payment per recipient, including assistance in the form of

money payments and in the form of medical or any other type of remedial care, plus an amount that would be equal to the Federal percentage of the remainder (determined for each State as set out in sec. 505 of the bill), but excluding that part of the average monthly payment per recipient in excess of \$30.

The number of recipients for purposes of determining the maximum Federal share with respect to any month would be determined in the manner described above for old-age assistance.

SECTION 505. FEDERAL MATCHING PERCENTAGE

Section 505 would amend subsection (a) of section 1101 of the Social Security Act by adding a new paragraph defining the Federal percentage of State expenditures under titles I, IV, X, and XIV. The Federal percentage for any State (other than Puerto Rico, the Virgin Islands, and Guam) would be derived by relating the State's per capita income to the national per capita income. For a State with a per capita income equal to or above the national per capita income, the Federal percentage would be 50 percent. Where a State's per capita income was less than the per capita income of the Nation, the Federal percentage would be more than 50 percent. The bill provides that the Federal percentage shall in no case be less than 50 percent or more than 70 percent. The Federal percentage for Alaska and Hawaii is specified to be 50 percent.

The Federal percentage would be promulgated each even-numbered year, based on data of the Department of Commerce on per capita income for the 3 most recent calendar years for which satisfactory data are available, and would be conclusive for 8 successive quarters beginning July 1 after such promulgation. Provision is made for a promulgation to be made as soon as possible after enactment of the bill and such promulgation would be conclusive for each of the 10 quarters in the period from January 1, 1959, through June 30, 1961.

SECTION 506. EXTENSION TO GUAM

Section 506 amends the term "State" when used in titles I, IV, V, VII, X, and XIV to include Guam, thus making Federal grants-in-aid under these titles available to Guam.

SECTION 507. INCREASE IN LIMITATIONS ON PUBLIC-ASSISTANCE PAYMENTS TO PUERTO RICO AND VIRGIN ISLANDS

Section 507 amends section 1108 of the Social Security Act to increase the limitation on the total annual Federal payments for public assistance under title I, IV, X, and XIV to Puerto Rico from \$5,312,500 to \$8,500,000. The limitation with respect to the Virgin Islands would be increased from \$200,000 to \$300,000. Section 1108 is also amended to establish a limitation of \$400,000 on such payments to Guam to which Federal grants are made available under section 506 of the bill.

SECTION 508. MATERNAL AND CHILD-CARE GRANTS FOR GUAM

Section 508 provides that, until such time as the Congress may by appropriation or other law provide, the Secretary shall, in place of the uniform grant of \$60,000 now authorized for each State for each of the 3 grant programs under title V, allot such smaller amounts to Guam as he may deem appropriate.

SECTION 509. TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

Section 509 would amend section 344 (b) of the Social Security Act Amendments of 1950, as amended, so as to extend from June 30, 1959, through June 30, 1961, the special provisions relating to the approval of certain State plans for aid to the blind under title X.

SECTION 510. SPECIAL PROVISION FOR CERTAIN INDI- ANS REPEALED

Section 510 of the bill repeals section 9 of the Act of April 19, 1950, as amended, relating to additional Federal sharing under titles I, IV, and X in assistance provided to Navajo and Hopi Indians residing on reservations.

SECTION 511. TECHNICAL AMENDMENT

Section 511 of the bill would make a technical amendment in section 2 (a) (11) of the Social Security Act to make clear that in the description in the State plan of services relating to self-care there shall be included a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.

SECTION 512. EFFECTIVE DATES

Section 512 specifies the effective dates for certain amendments made by title V of the bill. The sections of the bill relating to the formula for Federal matching of State public-assistance expenditures (secs. 501, 502, 503, 504, and 505) are effective for months after September 1958.

The amendments relating to the extension of titles I, IV, X, and XIV of the Social Security Act to Guam in section 506 would become effective for the months after September 1958.

The amendments relating to the extension of title V of the Social Security Act to Guam and to the allocation to Guam of Federal funds under that title, made by sections 506 and 508, respectively, of the bill, would become effective for fiscal years ending after June 30, 1959.

The amendments made by section 507 relating to the limitation on Federal public-assistance grants to Puerto Rico, the Virgin Islands, and Guam, would become effective for fiscal years ending after June 30, 1958.

The technical amendment made by section 511 of the bill would become effective October 1, 1958.

TITLE VI—MATERNAL AND CHILD WELFARE

SECTION 601. CHILD WELFARE SERVICES

Section 601 amends the present provisions of part 3, title V of the Social Security Act as follows:

1. It increases the amount authorized for annual appropriation for grants to the States for child-welfare services from the present \$12 million to \$17 million.

2. It removes the present provisions of the law with respect to the use of Federal child-welfare funds in predominantly rural areas or other areas of special need.

3. It changes the formula for allotment of Federal child-welfare funds. The present law provides for a uniform grant of \$40,000 to each State, with the remainder allotted on the basis of the proportion that the rural child population under 18 years of age of each State bears to the total rural population of the United States under such age. The bill provides that the sums appropriated for each fiscal year shall be allotted by the Secretary for use by cooperating State public-welfare agencies which have plans developed jointly by the State agency and the Secretary as follows: To each State, he shall allot such portion of \$60,000 as the amount appropriated bears to the amount authorized to be appropriated, and he shall allot to each State an amount which bears the same ratio to the remainder of the sums appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State bears to the sum of the corresponding products of all the States. The allotment percentage for any State would be 100 percent less the State percentage; and the State percentage would be that percentage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska); except that (a) the allotment percentage shall in no case be less than 30 percent or more than 70 percent, and (b) the allotment percentage shall be 50 percent in the case of Alaska and 70 percent in the case of Puerto Rico, the Virgin Islands, and Guam.

The bill also provides that if the amount so allotted is less than the State's base allotment, the amount shall be increased to such base allotment, and the total of the increases thereby required shall be derived by proportionately reducing the allotments of the other States, but with such adjustments as may be necessary to prevent the allotment of any State from being reduced to less than its base allotment. The base allotment of any State for any fiscal year is defined as the amount which would be allotted to such State for such year under the provisions of section 521 of the law as in effect prior to the enactment of the Social Security Amendments of 1958, as applied to an appropriation of \$12 million.

4. It adds new sections on payments to the States and on the Federal share. The bill provides that the Secretary shall from time to time pay to each State with a plan developed jointly by the State agency and the Secretary, an amount equal to the Federal share. For the fiscal year ending June 30, 1960, and each year thereafter, the Federal share for any State shall be 100 percent less that per-

centage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (1) in no case shall the Federal share be less than $33\frac{1}{3}$ percent or more than $66\frac{2}{3}$ percent, and (2) the Federal share shall be 50 percent in the case of Alaska and $66\frac{2}{3}$ percent in the case of Puerto Rico, the Virgin Islands, and Guam. For the fiscal year ending June 30, 1959, the Federal share shall be determined pursuant to the provisions of section 521 as in effect prior to the enactment of the Social Security Amendments of 1958.

The bill provides that the Federal share and the allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the continental United States (excluding Alaska) for the 3 most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the 2 fiscal years in the period beginning July 1 next succeeding such promulgation, provided that the Secretary shall promulgate such Federal shares and allotment percentages as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive until July 1, 1961.

5. It modifies the provisions of the present law with respect to the use of Federal child-welfare funds for the return of runaway children. The bill provides that these funds may be used for paying the costs of returning any runaway child who has not attained the age of 18 to his own community in another State, and of maintaining such child until such return (for a period not exceeding 15 days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. The present law provides that these funds may be used for paying the cost of returning any runaway child who has not attained the age of 16 to his own community in another State in cases in which such return is in the interest of the child and the cost thereof cannot otherwise be met.

6. It adds a new section to authorize reallocation of Federal child welfare funds. This section provides that the amount of any allotment to a State for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan shall be available for reallocation from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them, and (2) will be able to use such excess amounts during such fiscal year. Such reallocations shall be made on the basis of the State plans, after taking into consideration the population under the age of 21, and the per capita income of each such State as compared with the population under the age of 21, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallocated to a State shall be deemed part of its annual allotment.

SECTION 602. MATERNAL AND CHILD HEALTH

Section 602 amends the present provisions of part 1, title V of the Social Security Act by increasing the amount authorized for annual appropriation for grants to the States for maternal and child health services from the present \$16.5 million to \$21.5 million. The bill also increases correspondingly the amounts specified in subsections (a) and (b) of section 502 of the present law (for allotment in accordance with the provisions of each such subsection) so that they continue to represent, respectively, one-half of the amount authorized to be appropriated, namely, \$10,750,000. With respect to the uniform grant of \$60,000 to each State, now provided under section 502 (a) of the law, the bill provides that the Secretary shall allot this amount to each State each year even though the amount appropriated for such year is less than \$21,500,000.

SECTION 603. CRIPPLED CHILDREN'S SERVICES

Section 603 amends the present provisions of part 2, title V of the Social Security Act by increasing the amount authorized for annual appropriation for grants to the States for crippled children's services from the present \$15 million to \$20 million. The bill also increases correspondingly the amounts specified in subsections (a) and (b) of section 512 of the present law (for allotment in accordance with the provisions of each such subsection) so that they continue to represent, respectively, one-half of the amount authorized to be appropriated, namely, \$10 million. With respect to the uniform grant of \$60,000 to each State, now provided under section 512 (a) of the law, the bill provides that the Secretary shall allot this amount to each State each year even though the amount appropriated for such year is less than \$20 million.

TITLE VII—MISCELLANEOUS PROVISIONS

SECTION 701. FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Section 1106 (b) of the Social Security Act now authorizes the furnishing, and charging therefor, to persons requesting it, of information permitted under applicable regulations; it does not provide for furnishing of services and the imposition of charges therefor where the Secretary of Health, Education, and Welfare deems such charging appropriate. Section 701 of the bill amends section 1106 (b) to provide for furnishing services, and for collecting, and depositing in the old-age and survivors insurance and disability insurance trust funds, of appropriate charges for such services. Such services will not be provided, however, where they would unduly interfere with the administration of the old-age and survivors insurance program.

SECTION 702. MEANING OF TERM "SECRETARY"

Section 702 of the bill provides that the term "Secretary," as used in the provisions of the Social Security Act, set forth in the bill, means the Secretary of Health, Education, and Welfare where the context does not otherwise require.

SECTION 703. AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Section 703 amends section 1 (q) of the Railroad Retirement Act so as to provide that references in the Railroad Retirement Act to the "Social Security Act" and to the "Social Security Act, as amended," are references to the Social Security Act as amended in 1958 (that is, as amended by all acts amending the Social Security Act during and preceding 1958).

SECTION 704. ADVISORY COUNCIL ON PUBLIC ASSISTANCE

This section would provide for an Advisory Council on Public Assistance for the purpose of reviewing the status of the public assistance program in relation to the old-age, survivors, and disability insurance program, the fiscal capacities of the States and the Federal Government, and any other factors bearing on the amount and proportion of the Federal and States' shares in the program. The Council would be appointed by the Secretary of Health, Education, and Welfare and be composed of the Commissioner of Social Security, as Chairman, and 12 other members representing employers and employees (in equal numbers), persons concerned with the administration and financing of State and Federal programs, and other persons with appropriate special knowledge or qualifications, and the public. The Council would report its findings and recommendations not later than January 1, 1960, to the Secretary and the Congress.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.



Calendar No. 2453

85TH CONGRESS
2D SESSION

H. R. 13549

[Report No. 2388]

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 1958

Read twice and referred to the Committee on Finance

AUGUST 14, 1958

Reported by Mr. BYRD, with amendments

[Omit the part struck through and in black brackets and insert the part printed in italic]

AN ACT

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Social Security Amend-
4 ments of 1958".

1 TITLE I—INCREASE IN BENEFITS UNDER TITLE
2 II OF THE SOCIAL SECURITY ACT

3 INCREASE IN BENEFIT AMOUNTS

4 Primary Insurance Amount

5 SEC. 101. (a) Subsection (a) of section 215 of the
6 Social Security Act is amended to read as follows:

7 “Primary Insurance Amount

8 “(a) Subject to the conditions specified in subsections
9 (b), (c), and (d) of this section, the primary insurance
10 amount of an insured individual shall be whichever of the
11 following is the largest:

12 “(1) The amount in column IV on the line on
13 which in column III of the following table appears his
14 average monthly wage (as determined under subsection
15 (b)) ;

16 “(2) The amount in column IV on the line on
17 which in column II of the following table appears his
18 primary insurance amount (as determined under sub-
19 section (c)) ;

20 “(3) The amount in column IV on the line on
21 which in column I of the following table appears his
22 primary insurance benefit (as determined under sub-
23 section (d)) ; or

24 “(4) In the case of an individual who was entitled
25 to a disability insurance benefit for the month before the

- 1 month in which he became entitled to old-age insurance
 2 benefits or died, the amount in column IV which is equal
 3 to his disability insurance benefit.

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10. 00		\$30. 00		\$54	\$33	\$53. 00
"\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	104. 00
29. 26	29. 68	65. 00	65. 80	133	136	70	107. 60
29. 69	30. 36	65. 90	66. 80	137	141	71	111. 20
30. 37	30. 92	66. 90	67. 70	142	146	72	115. 20
30. 93	31. 52	67. 80	68. 70	147	151	73	119. 20
31. 53	32. 00	68. 80	69. 60	152	155	74	122. 80
32. 01	32. 60	69. 70	70. 50	156	160	75	126. 40
32. 61	33. 40	70. 60	71. 50	161	165	76	130. 40
33. 41	33. 88	71. 60	72. 40	166	169	77	134. 00
33. 89	34. 50	72. 50	73. 30	170	174	78	137. 60
34. 51	35. 20	73. 40	74. 30	175	179	79	141. 60
35. 21	35. 80	74. 40	75. 20	180	183	80	145. 20
35. 81	36. 40	75. 30	76. 10	184	188	81	148. 80
36. 41	37. 08	76. 20	77. 10	189	193	82	152. 80
37. 09	37. 60	77. 20	78. 00	194	197	83	156. 40
37. 61	38. 20	78. 10	78. 90	198	202	84	160. 00
38. 21	39. 12	79. 00	79. 90	203	207	85	164. 00
39. 13	39. 68	80. 00	80. 80	208	211	86	167. 60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I "(Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insur- ance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insur- ance amount (as deter- mined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount re- ferred to in the preceding para- graphs of this subsection shall be—	And the maxi- mum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self- employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
"\$39. 69	\$40. 33	\$80. 90	\$81. 70	\$212	\$216	\$87	\$171. 20
40. 34	41. 12	81. 80	82. 70	217	221	88	175. 20
41. 13	41. 76	82. 80	83. 60	222	225	89	178. 80
41. 77	42. 44	83. 70	84. 50	226	230	90	182. 40
42. 45	43. 20	84. 60	85. 50	231	235	91	186. 40
43. 21	43. 76	85. 60	86. 40	236	239	92	190. 00
43. 77	44. 44	86. 50	87. 30	240	244	93	193. 60
44. 45	44. 88	87. 40	88. 30	245	249	94	197. 60
44. 89	45. 60	88. 40	89. 20	250	253	95	201. 20
		89. 30	90. 10	254	258	96	204. 80
		90. 20	91. 10	259	263	97	208. 80
		91. 20	92. 00	264	267	98	212. 40
		92. 10	92. 90	268	272	99	216. 00
		93. 00	93. 90	273	277	100	220. 00
		94. 00	94. 80	278	281	101	223. 60
		94. 90	95. 80	282	286	102	227. 20
		95. 90	96. 70	287	291	103	231. 20
		96. 80	97. 60	292	295	104	234. 80
		97. 70	98. 60	296	300	105	238. 40
		98. 70	99. 50	301	305	106	242. 40
		99. 60	100. 40	306	309	107	246. 00
		100. 50	101. 40	310	314	108	249. 60
		101. 50	102. 30	315	319	109	253. 60
		102. 40	103. 20	320	323	110	254. 00
		103. 30	104. 20	324	328	111	254. 00
		104. 30	105. 10	329	333	112	254. 00
		105. 20	106. 00	334	337	113	254. 00
		106. 10	107. 00	338	342	114	254. 00
		107. 10	107. 90	343	347	115	254. 00
		108. 00	108. 50	348	351	116	254. 00
				352	356	117	254. 00
				357	361	118	254. 00
				362	365	119	254. 00
				366	370	120	254. 00
				371	375	121	254. 00
				376	379	122	254. 00
				380	384	123	254. 00
				385	389	124	254. 00
				390	393	125	254. 00
				394	398	126	254. 00
				399	400	127	254. 00"

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I "(Primary insurance benefit under 1939 Act, as modified)"		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
-----	\$10. 00	-----	\$30. 00	-----	\$54	\$33	\$53. 00
"\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 34	42. 10	43. 00	77	78	46	69. 00
16. 35	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 38	49. 10	50. 00	90	90	53	79. 50
21. 39	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	105. 60
29. 26	29. 68	65. 00	65. 80	133	136	70	108. 80
29. 69	30. 36	65. 90	66. 80	137	141	71	112. 80
30. 37	30. 92	66. 90	67. 70	142	146	72	116. 80
30. 93	31. 36	67. 80	68. 60	147	150	73	120. 00
31. 37	32. 00	68. 70	69. 60	151	155	74	124. 00
32. 01	32. 60	69. 70	70. 50	156	160	75	128. 00
32. 61	33. 20	70. 60	71. 40	161	164	76	131. 20
33. 21	33. 88	71. 50	72. 40	165	169	77	135. 20
33. 89	34. 50	72. 50	73. 30	170	174	78	139. 20
34. 51	35. 00	73. 40	74. 20	175	178	79	142. 40
35. 01	35. 80	74. 30	75. 20	179	183	80	146. 40
35. 81	36. 40	75. 30	76. 10	184	188	81	150. 40
36. 41	37. 08	76. 20	77. 10	189	193	82	154. 40
37. 09	37. 60	77. 20	78. 00	194	197	83	157. 60

1 (2) Such section 215 (b) is further amended by adding
2 at the end thereof the following paragraph:

3 “(5) The provisions of this subsection shall be appli-
4 cable only in the case of an individual with respect to whom
5 not less than six of the quarters elapsing after 1950 are
6 quarters of coverage, and—

7 “(A) who becomes entitled to benefits under sec-
8 tion 202 (a) or section 223 after the second month fol-
9 lowing the month in which the Social Security Amend-
10 ments of 1958 are enacted *December 1958*, or

11 “(B) who dies after such second month without
12 being entitled to benefits under such section 202 (a) or
13 section 223, or

14 “(C) who files an application for a recomputation
15 under section 215 (f) (2) (A) after such second
16 month and is (or would, but for the provisions of sec-
17 tion 215 (f) (6), be) entitled to have his primary in-
18 surance amount recomputed under such section, or

19 “(D) who dies after such second month and whose
20 survivors are (or would, but for the provisions of section
21 215 (f) (6), be) entitled to a recomputation of his
22 primary insurance amount under section 215 (f) ~~(4).~~”
23 ~~(4)~~; or

24 “(E) who files an application for a recomputation

1 *under subparagraph (B) of section 102 (f) (2) of the*
 2 *Social Security Amendments of 1954 after such month*
 3 *and is (or would, but for the fact that such recomputa-*
 4 *tion would not result in a higher primary insurance*
 5 *amount for such individual, be) entitled to have his*
 6 *primary insurance amount recomputed under such sub-*
 7 *paragraph.”*

8 Primary Insurance Amount Under 1954 Act

9 (c) Section 215 (c) of such Act is amended to read
 10 as follows:

11 “Primary Insurance Amount Under 1954 Act

12 “(c) (1) For the purposes of column II of the table
 13 appearing in subsection (a) of this section, an individual’s
 14 primary insurance amount shall be computed as provided in,
 15 and subject to the limitations specified in, (A) this section
 16 as in effect prior to the enactment of the Social Security
 17 Amendments of 1958, and (B) the applicable provisions
 18 of the Social Security Amendments of 1954.

19 “(2) The provisions of this subsection shall be appli-
 20 cable only in the case of an individual ~~who—~~

21 “(A) *who* became entitled to benefits under section
 22 202 (a) or section 223 ~~prior to the third month fol-~~
 23 ~~lowing the month in which the Social Security Amend-~~
 24 ~~ments of 1958 were enacted, or, or died prior to~~
 25 *January 1959, and*

1 “(B) died prior to such third month to whom the
2 provisions of paragraph (5) of subsection (b) are not
3 applicable.”

4 Primary Insurance Benefit Under 1939 Act

5 (d) Section 215 (d) of such Act is amended to read
6 as follows:

7 “Primary Insurance Benefit Under 1939 Act

8 “(d) (1) For the purposes of column I of the table
9 appearing in subsection (a) of this section, an individual's
10 primary insurance benefit shall be computed as provided in
11 this title as in effect prior to the enactment of the Social
12 Security Act Amendments of 1950, except that—

13 “(A) In the computation of such benefit, such in-
14 dividual's average monthly wage shall (in lieu of being
15 determined under section 209 (f) of such title as in
16 effect prior to the enactment of such amendments) be
17 determined as provided in subsection (b) of this section
18 (but without regard to paragraph (5) thereof), except
19 that his starting date shall be December 31, 1936.

20 “(B) For purposes of such computation, the date
21 he became entitled to old-age insurance benefits shall
22 be deemed to be the date he became entitled to pri-
23 mary insurance benefits.

24 “(C) The 1 per centum addition provided for in
25 section 209 (e) (2) of this Act as in effect prior to the

1 enactment of the Social Security Act Amendments of
2 1950 shall be applicable only with respect to calendar
3 years prior to 1951, except that any wages paid in any
4 year prior to such year any part of which was included
5 in a period of disability shall not be counted. Notwith-
6 standing the preceding sentence, the wages paid in the
7 year in which such period of disability began shall be
8 counted if the counting of such wages would result in a
9 higher primary insurance amount.

10 “(D) The provisions of subsection (e) shall be ap-
11 plicable to such computation.

12 “(2) The provisions of this subsection shall be appli-
13 cable only in the case of an individual—

14 “(A) with respect to whom at least one of the
15 quarters elapsing prior to 1951 is a quarter of coverage;

16 “(B) who meets the requirements of any of the
17 subparagraphs of paragraph (5) of subsection (b) of
18 this section; and

19 “(C) who attained age 22 after 1950 and with
20 respect to whom less than six of the quarters elapsing
21 after 1950 are quarters of coverage, or who attained
22 such age before 1951.”

23 Minimum Survivors or Dependents Benefit

24 (e) Section 202 (m) of the Social Security Act is
25 amended by striking out “\$30” wherever it occurs and

1 inserting in lieu thereof “the first figure in column IV of
2 the table in section 215 (a)”.

3 Maximum Benefits

4 (f) Subsection (a) of section 203 of the Social Secu-
5 rity Act is amended to read as follows:

6 “Maximum Benefits

7 “(a) Whenever the total of monthly benefits to which
8 individuals are entitled under sections 202 and 223 for a
9 month on the basis of the wages and self-employment income
10 of an insured individual is greater than the amount appearing
11 in column V of the table in section 215 (a) on the line
12 on which appears in column IV such insured individual’s
13 primary insurance amount, such total of benefits shall be
14 reduced to such amount; except that—

“ (1) when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child’s insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits shall not be reduced to less than the smaller of: (A) the sum of the maximum amounts of benefits payable on the basis of the wages and self-employment income of all such insured individuals, or (B) the last figure in column V of the table appearing in section 215 (a) , or

25 “(2) when any of such individuals was entitled

(without the application of section 202 (j) (1) *and section 223 (b)*) to monthly benefits under section 202 or section 223 for the second month following the month in which the Social Security Amendments of 1958 were enacted *December 1958*, and the primary insurance amount of the insured individual on the basis of whose wages and self-employment income such monthly benefits are payable is determined under the provisions of section 215 (a) (2), then such total benefits shall not be reduced to less than the larger of—

“(A) the amount determined under this subsection without regard to this paragraph, or

“(B) the amount determined under this subsection as in effect prior to the enactment of the Social Security Amendments of 1958 or the amount determined under section 102 (h) of the Social Security Amendments of 1954, as the case may be, plus the excess of—

“(i) the primary insurance amount of such insured individual in column IV of the table appearing in section 215 (a), over

“(ii) his primary insurance amount determined under section 215 (c), or

“(3) when any of such individuals is entitled (without the application of section 202 (j) (1) *and*

1 *section 223 (b))* to monthly benefits based on the wages
 2 and self-employment income of an insured individual with
 3 respect to whom a period of disability (as defined in
 4 section 216 (i)) began prior to the ~~third month follow-~~
 5 ~~ing the month in which the Social Security Amend-~~
 6 ~~ments of 1958 were enacted~~ *January 1959* and con-
 7 tinued ~~uninterruptedly~~ until—

8 “(A) he became entitled to benefits under sec-
 9 tion 202 or 223, or

10 “(B) he died, which ever first occurred,
 11 and the primary insurance amount of such insured indi-
 12 vidual is determined under the provisions of section 215
 13 (a) (1) or (3) and is not less than \$68, then such
 14 total of benefits shall not be reduced to less than the
 15 smaller of—

16 “(C) the last figure in column V of the table
 17 appearing in section 215 (a), or

18 “(D) the amount in column V of such table on
 19 the same line on which, in column IV, appears his
 20 primary insurance amount, plus the excess of—

21 “(i) such primary insurance amount, over

22 “(ii) the ~~smallest~~ *smaller* amount in col-
 23 umn II of the table on the line on which appears
 24 such primary insurance amount.

25 In any case in which benefits are reduced pursuant to the

1 preceding provisions of this subsection, such reduction shall
 2 be made after any deductions under this section and after
 3 any deductions under section 222 (b). Whenever a reduc-
 4 tion is made under this subsection, each benefit, except the
 5 old-age or disability insurance benefit, shall be proportion-
 6 ately decreased."

7 Effective Date

8 (g) The amendments made by this section shall be
 9 applicable in the case of monthly benefits under title II of the
 10 Social Security Act, for months after the second month fol-
 11 lowing the month in which this Act is enacted *December*
 12 *1958*, and in the case of the lump-sum death payments under
 13 such title, with respect to deaths occurring after such second
 14 month.

15 Primary Insurance Amount for Certain Disability Insurance

16 Beneficiaries

17 (h) If an individual was entitled to a disability insur-
 18 ance benefit under section 223 of the Social Security Act
 19 for the second month after the month in which this Act is
 20 enacted *December 1958*, and became entitled to old-age
 21 insurance benefits under section 202 (a) of such Act, or
 22 died, in the third month after the month in which this Act
 23 is enacted *January 1959*, then, for purposes of paragraph
 24 (4) of section 215 (a) of the Social Security Act, as
 25 amended by this Act, the amount in column IV of the table

1 appearing in such section 215 (a) for such individual shall
 2 be the amount in such column on the line on which in column
 3 II appears his primary insurance amount (as determined
 4 under subsection (c) of such section 215) instead of the
 5 amount in column IV equal to his disability insurance benefit.

6 Saving Provision

7 ~~(i) With respect to monthly benefits under title II of~~
 8 ~~the Social Security Act payable pursuant to section 202~~
 9 ~~(j) (1) of such Act for any month prior to the third month~~
 10 ~~following the month of enactment of this Act, the primary~~
 11 ~~insurance amount of the individual on the basis of whose~~
 12 ~~wages and self-employment income such monthly benefits are~~
 13 ~~payable shall be determined as though this Act had not been~~
 14 ~~enacted; such primary insurance amount shall be such indi-~~
 15 ~~vidual's primary insurance amount for purposes of section~~
 16 ~~215 of such Act for months after the second month follow-~~
 17 ~~ing the month in which this Act is enacted if it is larger~~
 18 ~~than the primary insurance amount determined under section~~
 19 ~~215 of the Social Security Act as amended by this Act, and~~
 20 ~~shall be rounded to the next higher dollar if it is not a~~
 21 ~~multiple of a dollar.~~

22 *(i) In the case of any individual to whom the provisions*
 23 *of subsection (b) (5) of section 215 of the Social Security*
 24 *Act, as amended by this Act, are applicable and on the basis*
 25 *of whose wages and self-employment income benefits are pay-*

1 able for months prior to January 1959, his primary insur-
 2 ance amount for purposes of benefits for such prior months
 3 shall, if based on an application for such benefits or for a
 4 recomputation of such amount, as the case may be, filed
 5 after December 1958, be determined under such section 215,
 6 as in effect prior to the enactment of this Act, and, if such
 7 individual's primary insurance amount as so determined is
 8 larger than the primary insurance amount determined for
 9 him under section 215 as amended by this Act, such larger
 10 primary insurance amount (increased to the next higher dol-
 11 lar if it is not a multiple of a dollar) shall, for months after
 12 December 1958, be his primary insurance amount for pur-
 13 poses of such section 215 (and of the other provisions) of
 14 the Social Security Act as amended by this Act in lieu of
 15 the amount determined without regard to this subsection.

16 INCREASE IN EARNINGS BASE FROM \$4,200 TO \$4,800

17 Definition of Wages

18 SEC. 102. (a) (1) Paragraph (2) of section 209 (a)
 19 of the Social Security Act is amended to read as follows:

20 “(2) That part of remuneration which, after re-
 21 muneration (other than remuneration referred to in the
 22 succeeding subsections of this section) equal to \$4,200
 23 with respect to employment has been paid to an in-
 24 dividual during any calendar year after 1954 and prior

to 1959, is paid to such individual during such calendar year;”.

(2) Section 209 (a) of such Act is further amended by adding at the end thereof the following new paragraph:

“(3) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,800 with respect to employment has been paid to an individual during any calendar year after 1958, is paid to such individual during such calendar year;”.

Definition of Self-Employment Income

(b) Paragraph (1) of section 211 (b) of the Social Security Act is amended to read as follows:

“(1) That part of the net earnings from self-employment which is in excess of—

“(A) For any taxable year ending prior to 1955, (i) \$3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

“(B) For any taxable year ending after 1954 and prior to 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and

1 “(C) For any taxable year ending after 1958.
2 (i) \$4,800, minus (ii) the amount of the wages
3 paid to such individual during the taxable year; or”.

4 Definitions of Quarter and Quarter of Coverage

5 (c) Clauses (ii) and (iii) of section 213 (a) (2)
6 (B) of the Social Security Act are amended to read as
7 follows:

8 “(ii) if the wages paid to any individual in any
9 calendar year equal \$3,600 in the case of a calendar
10 year after 1950 and before 1955, or \$4,200 in the
11 case of a calendar year after 1954 and before 1959,
12 or \$4,800 in the case of a calendar year after 1958,
13 each quarter of such year shall (subject to clause
14 (i)) be a quarter of coverage;

15 “(iii) if an individual has self-employment in-
16 come for a taxable year, and if the sum of such
17 income and the wages paid to him during such year
18 equals \$3,600 in the case of a taxable year begin-
19 ning after 1950 and ending before 1955, or \$4,200
20 in the case of a taxable year ending after 1954
21 and before 1959, or \$4,800 in the case of a taxable
22 year ending after 1958, each quarter any part of
23 which falls in such year shall (subject to clause
24 (i)) be a quarter of coverage;”.

Average Monthly Wage

(d) (1) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

“(1) in computing an individual’s average monthly wage there shall not be counted the excess over \$3,600 in the case of any calendar year after 1950 and before 1955, the excess over \$4,200 in the case of any calendar year after 1954 and before 1959, and the excess over \$4,800 in the case of any calendar year after 1958, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212) ;”.

(2) Section 215 (e) of such Act is further amended by striking out “(d) (4)” each place it appears and inserting in lieu thereof “(d)”.

TITLE II—AMENDMENTS RELATING TO DISABILITY FREEZE AND DISABILITY INSURANCE BENEFITS

APPLICATION FOR DISABILITY DETERMINATION

SEC. 201. Section 216 (i) (2) of the Social Security Act is amended—

(1) by striking out “while under a disability,” in the second sentence and inserting in lieu thereof “while under such disability,”; and

1 (2) by striking out “one-year” in clause (ii) of
2 subparagraph (A) and inserting in lieu thereof “eight-
3 een-month”.

4 RETROACTIVE PAYMENT OF DISABILITY INSURANCE

5 BENEFITS

6 SEC. 202. (a) Section 223 (b) of such Act is amended
7 by adding at the end thereof the following new sentence:
8 “An individual who would have been entitled to a disability
9 insurance benefit for any month after June 1957 had he
10 filed application therefor prior to the end of such month
11 shall be entitled to such benefit for such month if he files
12 application therefor prior to the end of the twelfth month
13 immediately succeeding such month.”

14 (b) The first sentence of section 223 (c) (3) of such
15 Act (defining the term “waiting period” for purposes of
16 applications for disability insurance benefits) is amended to
17 read as follows:

18 “(3) The term ‘waiting period’ means, in the case
19 of any application for disability insurance benefits, the
20 earliest period of six consecutive calendar months—

21 “(A) throughout which the individual who
22 files such application has been under a disability
23 which continues ~~without interruption~~ until such
24 application is filed, and

25 “(B) (i) which begins not earlier than with

the first day of the eighteenth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such eighteenth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such eighteenth month in which he is so insured.”

RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY DETERMINATION

SEC. 203. Paragraph (4) of section 216 (i) of such Act is amended by striking out “July 1957” and inserting in lieu thereof “July 1960”, by striking out “July 1958” and inserting in lieu thereof “July 1961”, and by striking out “, if such individual does not die prior to July 1, 1955,”.

INSURED STATUS REQUIREMENTS

Disability Freeze

SEC. 204. (a) Paragraph (3) of section 216 (i) of such Act is amended to read as follows:

“(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if—

“(A) he would have been a fully insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such quarter; and

1 “(B) he had not less than twenty quarters of
 2 coverage during the forty-quarter period which ends
 3 with such quarter, not counting as part of such forty-
 4 quarter period any quarter any part of which was in-
 5 cluded in a prior period of disability unless such quarter
 6 was a quarter of ~~coverage.~~” coverage;
 7 *except that the provisions of subparagraph (A) of this para-*
 8 *graph shall not apply in the case of any individual with re-*
 9 *spect to whom a period of disability would, but for such sub-*
 10 *paragraph, begin prior to 1951.”*

11 Disability Insurance Benefits

12 (b) Section 223 (c) (1) (A) of such Act is amended
 13 by striking out “fully and currently insured” and inserting
 14 in lieu thereof “fully insured”.

15 BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE

16 BENEFICIARIES

17 Payments from Disability Insurance Trust Fund

18 SEC. 205. (a) The first sentence of section 201 (h) of
 19 such Act is amended by inserting “, and benefit payments
 20 required to be made under subsection (b), (c), or (d) of
 21 section 202 to individuals entitled to benefits on the basis
 22 of the wages and self-employment income of an individual
 23 entitled to disability insurance benefits,” after “section 223”.

Wife's Insurance Benefits

(b) (1) Subsection (b) of section 202 of such Act is amended by inserting "or disability" after "old-age" wherever it appears therein.

(2) So much of paragraph (1) of such subsection as follows the colon is amended by striking out "or" the first time it appears and inserting immediately before the period at the end of such paragraph "~~or her husband ceases, prior to the month in which he attains retirement age, to be~~ entitled to disability insurance benefits" *is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits*".

Husband's Insurance Benefits

(c) (1) Subparagraph (C) of subsection (c) (1) of such section 202 is amended to read as follows:

"(C) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual—

"(i) if she had a period of disability which did not end prior to the month in which she became entitled to old-age or disability insurance benefits, at the beginning of such period or at the time she became entitled to such benefits, or

1 “(ii) if she did not have such a period of disa-
2 bility, at the time she became entitled to such bene-
3 fits,
4 and filed proof of such support within two years after the
5 month in which she filed application with respect to such
6 period of disability or after the month in which she
7 became entitled to such benefits, as the case may be, or,
8 if she did not have such a period, two years after the
9 month in which she became entitled to such benefits,
10 and”

(2) The remainder of such subsection (c) (1) is amended by inserting “or disability” after “old-age” wherever it appears therein.

(3) So much of such subsection (c) (1) as follows
the colon is further amended by striking out "or" the first
time it appears and inserting immediately before the period
at the end thereof ", or his wife ceases, prior to the month
in which she becomes entitled to old-age insurance benefits,
to be entitled to disability insurance benefits is not entitled
to disability insurance benefits and is not entitled to old-age
insurance benefits".

22 Child's Insurance Benefits

(d) Section 202 (d) (1) of such Act is amended to
read as follows:

25 “(d) (1) Every child (as defined in section 216 (e))

1 of an individual entitled to old-age or disability insurance
2 benefits, or of an individual who dies a fully or currently in-
3 sured individual after 1939, if such child—

4 “(A) has filed application for child’s insurance
5 benefits,

6 “(B) at the time such application was filed was
7 unmarried and either (i) had not attained the age of
8 eighteen or (ii) was under a disability (as defined in
9 section 223 (c)) which began before he attained the
10 age of eighteen, and

11 “(C) was dependent upon such individual—

12 “(i) if such individual had a period of dis-
13 ability which did not end prior to the month in
14 which he became entitled to old-age or disability
15 insurance benefits or (if he has died) prior to the
16 month in which he died, at the beginning of such
17 period or at the time he became entitled to such
18 benefits or died,

19 “(ii) if such individual did not have such a
20 period and is living, at the time such application
21 was filed, or

22 “(iii) if such individual did not have such a
23 period and has died, at the time of such death,

24 shall be entitled to a child’s insurance benefit for each month,
25 beginning with the first month after August 1950 in which

1 such child becomes so entitled to such insurance benefits and
 2 ending with the month preceding the first month in which
 3 any of the following occurs: such child dies, marries, is
 4 adopted (except for adoption by a stepparent, grandparent,
 5 aunt, or uncle subsequent to the death of such fully or cur-
 6 rently insured individual), attains the age of eighteen and
 7 is not under a disability (as defined in section 223 (c))
 8 which began before he attained such age, or ceases to be
 9 under a disability (as so defined) on or after the day on
 10 which he attains age eighteen. Entitlement of any child
 11 to benefits under this subsection on the basis of the wages and
 12 self-employment income of an individual entitled to disability
 13 insurance benefits shall also end with the month before the
 14 ~~month in which such individual ceases to be entitled to such~~
 15 ~~benefits unless such individual is, for the month in which he~~
 16 ~~ceases to be so entitled~~ *first month for which such individual*
 17 *is not entitled to such benefits unless such individual is, for*
 18 *such later month, entitled to old-age insurance benefits or*
 19 *unless he dies in such month."*

20 Widower's Insurance Benefits

21 (e) Subparagraph (D) of section 202 (f) (1) of such
 22 Act is amended to read as follows:

23 " (D) (i) was receiving at least one-half of his sup-
 24 port, as determined in accordance with regulations pre-
 25 scribed by the Secretary, from such individual at the

1 time of her death or, if such individual had a period of
2 disability which did not end prior to the month in which
3 she died, at the time such period began or at the time
4 of her death, and filed proof of such support within
5 two years after the date of such death, or, if she had
6 such a period of disability, within two years after the
7 month in which she filed application with respect to
8 such period of disability or two years after the date of
9 such death, as the case may be, or (ii) was receiving at
10 lease one-half of his support, as determined in accordance
11 with regulations prescribed by the Secretary, from such
12 individual, and she was a currently insured individual,
13 at the time she became entitled to old-age or disability
14 insurance benefits or, if such individual had a period
15 of disability which did not end prior to the month in
16 which she became so entitled, at the time such period
17 began or at the time she became entitled to such
18 benefits, and filed proof of such support within two
19 years after the month in which she became entitled to
20 such benefits, or, if she had such a period of disability,
21 within two years after the month in which she filed
22 application with respect to such period of disability or
23 two years after the month in which she became entitled
24 to such benefits, as the case may be, and”.

1 Mother's Insurance Benefits

2 (f) Section 202 (g) (1) (F) of such Act is amended
3 by inserting "or, if such individual had a period of disability
4 which did not end prior to the month in which he died, at
5 the time such period began or at the time of such death"
6 after "death".

7 Parent's Insurance Benefits

8 (g) Subparagraph (B) of section 202 (h) (1) of
9 such Act is amended to read as follows:

10 "(B) (i) was receiving at least one-half of his
11 support from such individual at the time of such indi-
12 vidual's death or, if such individual had a period of
13 disability which did not end prior to the month in
14 which he died, at the time such period began or at the
15 time of such death, and (ii) filed proof of such support
16 within two years after the date of such death, or, if such
17 individual had such a period of disability, within two
18 years after the month in which such individual filed ap-
19 plication with respect to such period of disability or
20 two years after the date of such death, as the case may
21 be,".

22 Simultaneous Entitlement to Benefits

23 (h) Section 202 (k) of such Act is amended by in-
24 serting "or disability" after "old-age" each time it appears
25 therein.

Adjustment of Benefits of Female Beneficiaries

(i) (1) Subparagraph (B) of paragraph (5) of section 202 (q) of such Act is amended to read as follows:

“(B) the number equal to the number of months for which the wife’s insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b), under section 203 (c), or under section 222 (b),”.

(2) Such paragraph is further amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof “, and”, by striking out “(A), (B), and (C)” in the material following subparagraph (C) and inserting in lieu thereof “(A), (B), (C), and (D)”, and by adding after subparagraph (C) the following new subparagraph:

“(D) the number equal to the number of months for which such wife’s insurance benefit was reduced under such paragraph (2), but in or after which her entitlement to wife’s insurance benefits was terminated because her husband ceases to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife’s insurance benefits.”.

1 (3) Subparagraph (A) of paragraph (6) of such sec-
2 tion 202 (q) is amended to read as follows:

3 “(A) the number equal to the number of months
4 for which such benefit was reduced under such para-
5 graph, but for which such benefit was subject to deduc-
6 tions under paragraph ~~(1)~~ or ~~(2)~~ of section 203 ~~(b)~~,
7 under section 203 ~~(e)~~, or under section 222 ~~(b)~~, and”.

8 ~~(4)~~ Such paragraph is further amended by striking out
9 the period at the end of subparagraph ~~(C)~~ and inserting in
10 lieu thereof “, and”, by striking out “~~(A)~~, ~~(B)~~, and ~~(C)~~”
11 in the material following subparagraph ~~(C)~~ and inserting
12 in lieu thereof “~~(A)~~, ~~(B)~~, ~~(C)~~, and ~~(D)~~”, and by adding
13 after subparagraph ~~(C)~~ the following new subparagraph:

14 “~~(D)~~ the number equal to the number of months
15 for which such wife's insurance section 203 (b) (1) or
16 (2), under section 203 (c), or under section 222 (b),”.

17 (4) Such paragraph is further amended by striking out
18 “(A), (B), and (C)” in the material following subpara-
19 graph (C) and inserting in lieu thereof “(A), (B), (C),
20 and (D)”, by redesignating subparagraph (C) as subpara-
21 graph (D), by inserting “and” at the end of subparagraph
22 (B) and by adding after such subparagraph (B) the fol-
23 lowing new subparagraph:

24 “(C) the number equal to the number of months for
25 which such benefit was reduced under such paragraph,

1 but in or after which her entitlement to wife's insurance
2 benefits was terminated because her husband ceased to
3 be under a disability, not including in such number of
4 months any month after such termination in which she
5 was entitled to wife's insurance benefits.'".

6 Deduction Provision

7 (j) Section 203 (c) of such Act is amended by insert-
8 ing *a comma and* "based on the wages and self-employment
9 income of an individual entitled to old-age insurance ~~benefits~~
10 *benefits*," after "child's insurance benefit" the first time it
11 appears therein.

12 Circumstances Under Which Deductions Not Required

13 (k) Section 203 (h) of such Act is amended to read
14 as follows:

15 "Circumstances Under Which Deductions Not Required

16 "(h) In the case of any individual, deductions by reason
17 of the provisions of subsection (b), (f), or (g) of this sec-
18 tion, or the provisions of section 222 (b), shall, notwith-
19 standing such provisions, be made from the benefits to which
20 such individual is entitled only to the extent that such de-
21 ductions reduce the total amount which would otherwise be
22 paid, on the basis of the same wages and self-employment
23 income, to such individual and the other individuals living
24 in the same household."

Currently Insured Individual

(1) Section 214 (b) of such Act is amended by inserting “or disability” immediately after “old age” striking out “or” immediately preceding “(3)” and by inserting “or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits,” immediately after “section,”.

Rounding of Benefits

9 (m) Section 215 (g) of such Act is amended by strik-
10 ing out “sections 203 (a) and 224” and inserting in lieu
11 thereof “section 203 (a)”.

12 Deductions on Account of Refusal To Accept Rehabilitation
13 Services

(n) Section 222 (b) of such Act is amended by inserting after paragraph (2) (added by section 307 (g) of this Act) the following new paragraph:

“ (3) Deductions shall be made from any wife’s, husband’s, or child’s insurance ~~benefit~~ *benefit*, based on the wages and self-employment income of an individual entitled to disability insurance ~~benefits~~ *benefits*, to which a wife, husband, or child is ~~entitled~~ *entitled*, until the total of such deductions equal such wife’s, husband’s, or child’s insurance benefit or benefits under section 202 for any month in which the individual, on the basis of whose wages and self-employment income such benefit was payable, refuses to accept rehabilita-

tion services and deductions, on account of such refusal, are imposed under paragraph (1).”

Suspension of Benefits Based on Disability

(o) Section 225 of such Act is amended by adding at the end thereof the following new sentence: “Whenever the benefits of an individual entitled to a disability insurance benefit are suspended for any month, the benefits of any individual entitled thereto under subsection (b), (c), or (d) of section ~~202~~ 202, on the basis of the wages and self-employment income of such individual, shall be suspended for such month.”

REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

SEC. 206. Section 224 of such Act is hereby repealed.

EFFECTIVE DATES

SEC. 207. (a) The amendments made by section 201 shall apply with respect to applications for a disability determination under section 216 (i) of the Social Security Act filed after June 1961. The amendments made by section 202 shall apply with respect to applications for disability insurance benefits under section 223 of such Act filed after December 1957. The amendments made by section 203 shall apply with respect to applications for a disability determination under such section 216 (i) filed after June 1958. The amendments made by section 204 shall apply with

1 respect to (1) applications for disability insurance benefits
2 under such section 223 or for a disability determination under
3 such section 216 (i) filed on or after the date of enactment
4 of this Act, and (2) applications for such benefits or for
5 such a determination filed after 1957 and prior to such date of
6 enactment if the applicant has not died prior to such date of
7 enactment and if notice to the applicant of the Secretary's
8 decision with respect thereto has not been given to him on or
9 prior to such date, except that (A) no benefits under title II
10 of the Social Security Act for the month in which this Act is
11 enacted or any prior month shall be payable or increased by
12 reason of the amendments made by section 204 of this Act,
13 and (B) the provisions of section 215 (f) (1) of the Social
14 Security Act shall not prevent recomputation of monthly
15 benefits under section 202 of such Act (but no such recompu-
16 tation shall be regarded as a recomputation for purposes of
17 section 215 (f) of such Act). The amendments made by
18 section 205 (other than by ~~subsection (k)~~ *subsections (k)*
19 *and (m)*) shall apply with respect to monthly benefits under
20 title II of the Social Security Act for months after the month
21 in which this Act is enacted, but only if an application for
22 such benefits is filed on or after the date of enactment of
23 this Act. The amendments made by section 206 and by
24 ~~subsection (k)~~ *subsections (k) and (m)* of section 205 shall
25 apply with respect to monthly benefits under title II of the

1 Social Security Act for the month in which this Act is
2 enacted and succeeding months.

3 (b) In the case of any husband, widower, or parent
4 who would not be entitled to benefits under section 202 (c),
5 section 202 (f), and section 202 (h), respectively, of the
6 Social Security Act except for the enactment of section 205
7 of this Act, the requirement in such section 202 (c), sec-
8 tion 202 (f), or section 202 (h), as the case may be, that
9 proof of support be filed within a two-year period shall not
10 apply if such proof is filed within two years after the month
11 in which this Act is enacted.

12 TITLE III—PROVISIONS RELATING TO ELIGI-
13 BILITY OF CLAIMANTS FOR SOCIAL SECU-
14 RITY BENEFITS, AND MISCELLANEOUS PRO-
15 VISIONS

16 ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS
17 BENEFITS

18 Husband's Insurance Benefits

19 SEC. 301. (a) (1) Section 202 (c) of the Social
20 Security Act is amended by redesignating paragraph (2)
21 as paragraph (3) and adding after paragraph (1) the
22 following new paragraph:

23 “(2) The requirement in paragraph (1) that the indi-
24 vidual entitled to old-age or disability insurance benefits be
25 a currently insured individual, and the provisions of sub-

1 paragraph (C) of such paragraph, shall not be applicable in
2 the case of any husband who—

3 “(A) in the month prior to the month of his mar-
4 riage to such individual was entitled to, or on application
5 therefor and attainment of retirement age in such prior
6 month would have been entitled to, benefits under sub-
7 section (f) or (h) ; or

8 “(B) in the month prior to the month of his mar-
9 riage to such individual had attained age eighteen and
10 was entitled to, or on application therefor would have
11 been entitled to, benefits under subsection (d).”

12 (2) Section 216 (f) of such Act is amended to read as
13 follows:

14 “(f) The term ‘husband’ means the husband of an
15 individual, but only if (1) he is the father of her son or
16 daughter, (2) he was married to her for a period of not
17 less than three years immediately preceding the day on
18 which his application is filed, or (3) in the month prior to
19 the month of his marriage to her (A) he was entitled to,
20 or on application therefor and attainment of retirement age
21 in such prior month would have been entitled to, benefits
22 under subsection (f) or (h) of section 202, or (B) he had
23 attained age eighteen and was entitled to, or on application
24 therefor would have been entitled to, benefits under subsec-
25 tion (d) of such section.”

Widow's Insurance Benefits

(b) (1) Subparagraph (B) of section 202 (e) (3) of such Act is amended by striking out "but she is not his widow (as defined in section 216 (c))" and inserting in lieu thereof "which occurs within one year after such marriage and he did not die a fully insured individual".

(2) Section 216 (c) of such Act is amended to read as follows:

"(c) The term 'widow' (except when used in section 202 (i)) means the surviving wife of an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (4) she was married to him at the time both of them legally adopted a child under the age of eighteen, (5) she was married to him for a period of not less than one year immediately prior to the day on which he died, or (6) in the month prior to the month of her marriage to him (A) she was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) she had attained age eighteen and was entitled to, or on application therefor

1 would have been entitled to, benefits under subsection (d)
2 of such section.”

3 Widower's Insurance Benefits

4 (c) (1) Section 202 (f) of such Act is amended by
5 redesignating paragraph (2) as paragraph (3) and by
6 adding after paragraph (1) the following new paragraph:

7 “(2) The requirement in paragraph (1) that the
8 deceased fully insured individual also be a currently insured
9 individual, and the provisions of subparagraph (D) of such
10 paragraph, shall not be applicable in the case of any indi-
11 vidual who—

12 “(A) in the month prior to the month of his
13 marriage to such individual was entitled to, or on ap-
14 plication therefor and attainment of retirement age in
15 such prior month would have been entitled to, benefits
16 under this subsection or subsection (h) ; or

17 “(B) in the month prior to the month of his mar-
18 riage to such individual had attained age eighteen and
19 was entitled to, or on application therefor would have
20 been entitled to, benefits under subsection (d).”

21 (2) Section 216 (g) of such Act is amended to read
22 as follows:

23 “(g) The term ‘widower’ (except when used in section
24 202 (i)) means the surviving husband of an individual,
25 but only if (1) he is the father of her son or daughter, (2)

1 he legally adopted her son or daughter while he was married
2 to her and while such son or daughter was under the age
3 of eighteen, (3) she legally adopted his son or daughter
4 while he was married to her and while such son or daughter
5 was under the age of eighteen, (4) he was married to her
6 at the time both of them legally adopted a child under the
7 age of eighteen, (5) he was married to her for a period of
8 not less than one year immediately prior to the day on which
9 she died, or (6) in the month before the month of his
10 marriage to her (A) he was entitled to, or on application
11 therefor and attainment of retirement age in such prior
12 month would have been entitled to, benefits under subsec-
13 tion (f) or (h) of section 202, or (B) he had attained age
14 eighteen and was entitled to, or on application therefor
15 would have been entitled to, benefits under subsection (d)
16 of such section.”

17 Definition of Wife

18 (d) Section 216 (b) of such Act is amended by striking
19 out “or” at the end of the clause (1), and by inserting before
20 the period at the end thereof: “, or (3) in the month prior
21 to the month of her marriage to him (A) was entitled to,
22 or on application therefor and attainment of retirement age
23 in such prior month would have been entitled to, benefits
24 under subsection (e) or (h) of section 202, or (B) had
25 attained age eighteen and was entitled to, or on application

1 therefor would have been entitled to, benefits under subsection
2 (d) of such section”.

3 Definition of Former Wife Divorced

4 (e) Section 216 (d) of such Act is amended to read
5 as follows:

6 “(d) The term ‘former wife divorced’ means a woman
7 divorced from an individual, but only if (1) she is the mother
8 of his son or daughter, (2) she legally adopted his son or
9 daughter while she was married to him and while such son
10 or daughter was under the age of eighteen, (3) he legally
11 adopted her son or daughter while she was married to him
12 and while such son or daughter was under the age of eighteen,
13 or (4) she was married to him at the time both of them
14 legally adopted a child under the age of eighteen.”

15 Effective Date

16 (f) The amendments made by this section shall apply
17 with respect to monthly benefits under section 202 of the
18 Social Security Act for months beginning after the date of
19 enactment of this Act, but only if an application for such
20 benefits is filed on or after such date.

21 ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS

22 BENEFITS

23 Definition of Child

24 SEC. 302. (a) Section 216 (e) of such Act is amended
25 to read as follows:

1 “(e) The term ‘child’ means (1) the child or legally
2 adopted child of an individual, and (2) in the case of a
3 living individual, a stepchild who has been such stepchild
4 for not less than three years immediately preceding the
5 day on which application for child’s benefits is filed, and
6 (3) in the case of a deceased individual, a stepchild who
7 has been such stepchild for not less than one year immedi-
8 ately preceding the day on which such individual died. For
9 purposes of clause (1), a person shall be deemed, as of
10 the date of death of an individual, to be the legally adopted
11 child of such individual if such person was at the time of
12 such individual’s death living in such individual’s household
13 and was legally adopted by such individual’s surviving spouse
14 after such individual’s death but before the end of two
15 years after the day on which such individual died; except
16 that this sentence shall not apply if at the time of such
17 individual’s death such person was receiving regular con-
18 tributions toward his support from someone other than such
19 individual or his spouse, or from any public or private wel-
20 fare organization which furnishes services or assistance for
21 children.”

22 Effective Date

23 (b) The amendment made by this section shall apply
24 with respect to monthly benefits under section 202 of the
25 Social Security Act for months beginning after the date of

1 enactment of this Act, but only if an application for such
2 benefits is filed on or after such date.

3 ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S
4 INSURANCE BENEFITS

5 SEC. 303. Section 202 (g) of the Social Security Act is
6 amended by adding at the end thereof the following new
7 paragraph:

8 “(3) In the case of any widow or former wife divorced
9 of an individual—

10 “(A) who marries another individual, and

11 “(B) whose marriage to the individual referred to
12 in subparagraph (A) is terminated by his death but she
13 is not his widow as defined in section 216 (e) is not,
14 and upon filing application therefor in the month in
15 which he died would not be, entitled to benefits for such
16 month on the basis of his wages and self-employment
17 income,

18 the marriage to the individual referred to in clause (A)
19 shall, for the purpose of paragraph (1), be deemed not to
20 have occurred. No benefits shall be payable under this sub-
21 section by reason of the preceding sentence for any month
22 prior to whichever of the following is the latest: (i) the
23 month in which the death referred to in subparagraph (B)
24 of the preceding sentence occurs, (ii) the twelfth month
25 before the month in which such widow or former wife

1 divorced files application for purposes of this paragraph,
2 or (iii) the month following the month in which this para-
3 graph is enacted.”

4 ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

5 Provisions Relating to Eligibility

6 SEC. 304. (a) (1) So much of section 202 (h) (1) of
7 the Social Security Act as precedes subparagraph (A) is
8 amended to read as follows:

9 “(1) Every parent (as defined in this subsection) of an
10 individual who died a fully insured individual after 1939,
11 if such parent—”.

12 (2) The amendment made by this subsection shall apply
13 with respect to monthly benefits under section 202 of the
14 Social Security Act for months beginning after the date of
15 enactment of this Act, but only if an application for such
16 benefits is filed on or after such date.

17 Deaths Before Effective Date

18 (b) Where—

19 (1) one or more persons were entitled (without
20 the application of section 202 (j) (1) of the Social
21 Security Act) to monthly benefits under section 202 of
22 such Act for the month in which this Act is enacted on
23 the basis of the wages and self-employment income of an
24 individual; and

25 (2) a person is entitled to a parent's insurance

1 benefit under section 202 (h) of the Social Security
2 Act for any subsequent month on the basis of such wages
3 and self-employment income and such person would
4 not be entitled to such benefit but for the enactment of
5 this section; and

6 (3) the total of the benefits to which all persons are
7 entitled under section 202 of the Social Security Act on
8 the basis of such wages and self-employment income for
9 such subsequent month are reduced by reason of the ap-
10 plication of section 203 (a) of such Act,

11 then the amount of the benefit to which each such person
12 referred to in paragraph (1) of this subsection is entitled
13 for such subsequent month shall be increased, after the appli-
14 cation of such section 203 (a), to the amount it would
15 have been if no person referred to in paragraph (2) of this
16 subsection was entitled to a parent's insurance benefit for
17 such subsequent month on the basis of such wages and self-
18 employment income.

19 Proof of Support in Cases of Deaths Before Effective Date

20 (c) In the case of any parent who would not be entitled
21 to parent's benefits under section 202 (h) of the Social Secu-
22 rity Act except for the enactment of this section, the require-
23 ment in such section 202 (h) that proof of support be filed
24 within two years of the date of death of the insured individual
25 referred to therein shall not apply if such proof is filed within

1 the two-year period beginning with the first day of the month
2 after the month in which this Act is enacted.

3 ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

4 Requirement That Surviving Spouse Be a Member of
5 Deceased's Household

6 SEC. 305. (a) The first sentence of section 202 (i)
7 of the Social Security Act is amended by inserting "in the
8 same household" after "living".

9 Provisions Relating to Widows and Widowers

10 (b) Section 216 (h) of such Act is amended by
11 striking out paragraph (3).

12 Effective Date

13 (c) The amendments made by this section shall apply
14 in the case of lump-sum death payments under such section
15 202 (i) on the basis of the wages and self-employment
16 income of any individual who dies after the month in which
17 this Act is enacted.

18 ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE

19 BENEFITS

20 Provisions Relating to Dependency

21 SEC. 306. (a) Section 202 (d) of the Social Security
22 Act is amended by striking out "who has not attained the
23 age of eighteen" each place it appears in paragraphs (3),
24 (4), and (5) thereof, and by striking out paragraph (6).

Effective Date

(b) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

7 ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING
8 CERTAIN SURVIVORS BENEFITS

9 Child's Insurance Benefits

SEC. 307. (a) Section 202 (d) of the Social Security Act is amended by inserting immediately after paragraph (5) thereof the following new paragraph:

13 “(6) In the case of a child who has attained the age of
14 eighteen and who marries—

15 “(A) an individual entitled to benefits under sub-
16 section (a), (e), (f), (g), or (h) of this section or
17 under section 223 (a), or

18 “(B) another individual who has attained the age
19 of eighteen and is entitled to benefits under this sub-
20 section,

21 such child's entitlement to benefits under this subsection
22 shall, notwithstanding the provisions of paragraph (1), not
23 be terminated by reason of such marriage; except that, in
24 the case of such a marriage to a male individual entitled to
25 benefits under section 223 (a) or this subsection, the pre-

ceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or this subsection unless (i) he ceases to be so entitled by reason of his ~~death~~ *death*, or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.”

Widow’s Insurance Benefits

(b) Section 202 (e) of such Act is amended by inserting at the end thereof the following new paragraph:

“(4) In the case of a widow who marries—

“(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widow’s entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.”

Widower's Insurance Benefits

1

2 (c) Section 202 (f) of such Act is amended by adding
3 at the end thereof the following new paragraph:

4 “(4) In the case of a widower who marries—

5 “(A) an individual entitled to benefits under sub-
6 section (e), (g), or (h), or

7 “(B) an individual who has attained the age of
8 eighteen and is entitled to benefits under subsection (d),
9 such widower's entitlement to benefits under this subsection
10 shall, notwithstanding the provisions of paragraph (1),
11 not be terminated by reason of such marriage.”

12 Mother's Insurance Benefits

13 (d) Section 202 (g) of such Act is amended by adding
14 after paragraph (3) (added by section 303 of this Act)
15 the following new paragraph:

16 “(4) In the case of a widow or former wife divorced
17 who marries—

18 “(A) an individual entitled to benefits under sub-
19 section (a), (f), or (h), or under section 223 (a), or

20 “(B) an individual who has attained the age of
21 eighteen and is entitled to benefits under subsection (d),
22 the entitlement of such widow or former wife divorced to
23 benefits under this subsection shall, notwithstanding the pro-
24 visions of paragraph (1), not be terminated by reason of
25 such marriage; except that, in the case of such a marriage

1 to an individual entitled to benefits under section 223 (a) or
 2 subsection (d) of this section, the preceding provisions of
 3 this paragraph shall not apply with respect to benefits for
 4 months after the last month for which such individual is
 5 entitled to such benefits under section 223 (a) or subsection
 6 (d) of this section unless (i) he ceases to be so entitled by
 7 reason of his ~~death~~ *death*, or (ii) in the case of an individual
 8 who was entitled to benefits under section 223 (a), he is
 9 entitled, for the month following such last month, to benefits
 10 under subsection (a) of this section.”

11 Parent's Insurance Benefits

12 (e) Section 202 (h) of such Act is amended by add-
 13 ing at the end thereof the following new paragraph:

14 “(4) In the case of a parent who marries—

15 “(A) an individual entitled to benefits under this
 16 subsection or subsection (e), (f), or (g), or

17 “(B) an individual who has attained the age of
 18 eighteen and is entitled to benefits under subsection
 19 (d),

20 such parent's entitlement to benefits under this subsection
 21 shall, notwithstanding the provisions of paragraph (1), not
 22 be terminated by reason of such marriage; except that, in
 23 the case of such a marriage to a male individual entitled
 24 to benefits under subsection (d), the preceding provisions

1 of this paragraph shall not apply with respect to benefits
 2 for months after the last month for which such individual
 3 is entitled to such benefits under subsection (d) unless he
 4 ceases to be so entitled by reason of his death.”

5 Deduction Provisions

6 (f) Subsection (c) of section 203 of such Act is
 7 amended by inserting “(1)” after “(c)”, by redesignating
 8 subparagraphs (1) and (2) as subparagraphs (A) and
 9 (B), respectively, by striking out “paragraph (1)” and
 10 inserting in lieu thereof “subparagraph (A)”, and by add-
 11 ing at the end of such subsection the following new para-
 12 graph:

13 “(2) Deductions shall be made from any child’s insur-
 14 ance benefit to which a child who has attained the age of
 15 eighteen is entitled or from any mother’s insurance benefit
 16 to which a person is ~~entitled~~ *entitled*, until the total of such
 17 deductions equals such child’s insurance benefit or benefits
 18 or mother’s insurance benefit or benefits under section 202
 19 for any month—

20 “(A) in which such child or person entitled to
 21 mother’s insurance benefit is married to an indi-
 22 vidual entitled to old-age insurance benefits under sec-
 23 tion 202 (a) who is under the age of seventy-two and
 24 for which month such individual is charged with any

1 earnings under the provisions of subsection (e) of this
2 section, or

3 “(B) in which such child or person entitled to
4 mother’s insurance benefits is married to the indi-
5 vidual referred to in subparagraph (A) and on seven
6 or more different calendar days of which such indi-
7 vidual engaged in noncovered remunerative activity out-
8 side the United States.”

9 Deductions on Account of Refusal To Accept Rehabilitation
10 Services

11 (g) Section 222 (b) of such Act is amended by insert-
12 ing “(1)” after “(b)”, and by adding at the end thereof
13 the following new paragraph:

14 “(2) Deductions shall be made from any child’s in-
15 surance benefit to which a child who has attained the age of
16 eighteen is entitled or from any mother’s insurance benefit
17 to which a person is ~~entitled~~ *entitled*, until the total of such
18 deductions equals such child’s insurance benefit or benefits or
19 *such* mother’s insurance benefit or benefits under section 202
20 for any month in which such child or person entitled to
21 mother’s insurance benefits is married to an individual who
22 is entitled to disability insurance benefits and in which such
23 individual refuses to accept rehabilitation services and a
24 deduction, on account of such refusal, is imposed under

1 paragraph (1). If both this paragraph and paragraph (3)
2 are applicable to a child's insurance benefit for any month,
3 only an amount equal to such benefit shall be deducted."

4 Effective Date

5 (h) (1) The amendments made by this section (other
6 than by subsections (f) and (g)) shall apply with respect
7 to monthly benefits under section 202 of the Social Security
8 Act for months following the month in which this Act is
9 enacted; except that in any case in which benefits were ter-
10 minated with the close of the month in which this Act is
11 enacted or any prior month and, if the amendments made by
12 this section had been in effect for such month, such benefits
13 would not have been terminated, the amendments made by
14 this section shall apply with respect to monthly benefits
15 under section 202 of the Social Security Act for months
16 beginning after the date of enactment of this Act, but only
17 if an application for such benefits is filed after such date.

18 (2) The amendment made by subsection (f) shall ap-
19 ply with respect to monthly benefits under ~~section 202 (d)~~
20 ~~of the Social Security Act for months in any taxable year,~~
21 ~~of the individual on the basis of whose wages and self-em-~~
22 ~~ployment income such benefits are payable subsection (d) or~~
23 *(g) of section 202 of the Social Security Act for months in*

1 *any taxable year, of the individual to whom the person en-*
2 *titled to such benefits is married, beginning after the month*
3 *in which this Act is enacted.*

4 (3) The amendments made by subsection (g) shall
5 apply with respect to monthly benefits under section 202 of
6 the Social Security Act for months, occurring after the month
7 in which this Act is enacted, in which a deduction is incurred
8 under paragraph (1) of section 222 (b) of the Social Se-
9 curity Act.

10 AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF
11 BENEFITS

12 SEC. 308. (a) Section 203 (e) (2) of such Act is
13 amended by striking out “last month” and “preceding
14 month” wherever they appear and substituting in lieu thereof
15 “first month” and “succeeding month”, respectively.

16 (b) Section 203 (e) (3) (A) of such Act is amended
17 by striking out “the term ‘last month of such taxable year’
18 means the latest month” and substituting in lieu thereof
19 “the term ‘first month of such taxable year’ means the
20 earliest month”.

21 (c) Subsections (e) (2) (D) and (e) (3) (B) (ii)
22 of section 203 of such Act are each amended by striking
23 out “\$80” and inserting in lieu thereof “\$100”,

1 (d) Section 203 (g) (1) of such Act is amended to
2 read as follows:

3 “(g) (1) (A) If an individual is entitled to any
4 monthly insurance benefit under section 202 during any
5 taxable year in which he has earnings or wages, as com-
6 puted pursuant to paragraph (4) of subsection (e), in
7 excess of the product of \$100 times the number of months
8 in such year, such individual (or the individual who is in
9 receipt of such benefit on his behalf) shall make a report to
10 the Secretary of his earnings (or wages) for such taxable
11 year. Such report shall be made on or before the fifteenth
12 day of the fourth month following the close of such year,
13 and shall contain such information and be made in such
14 manner as the Secretary may by regulations prescribe. Such
15 report need not be made for any taxable year (i) beginning
16 with or after the month in which such individual attained
17 the age of 72, or (ii) if benefit payments for all months (in
18 such taxable year) in which such individual is under age 72
19 have been suspended for all such months of such year under
20 the provisions of the first sentence of paragraph (3) of this
21 subsection.

22 “(B) If the benefit payments of an individual have
23 been suspended for all months in any taxable year under
24 the provisions of the first sentence of paragraph (3) of sub-
25 section (g), no benefit payment shall be made to such

1 individual for any such month in such taxable year after the
 2 expiration of the period of three years, three months, and
 3 fifteen days following the close of such taxable year unless
 4 within such period the individual, or some other person
 5 entitled to benefits under this title on the basis of the same
 6 wages and self-employment income, files with the Secretary
 7 information showing that a benefit for such month is payable
 8 to such individual.”

9 (e) Section 203 (l) of such Act is amended by striking
 10 out “(g)” and inserting in lieu thereof “(g) (1) (A)”.

11 (f) The amendments made by this section shall be
 12 applicable with respect to taxable years beginning after the
 13 month in which this Act is enacted.

14 REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF
 15 HEALTH, EDUCATION, AND WELFARE

16 SEC. 309. The second sentence of section 206 of the
 17 Social Security Act is amended by striking out “upon filing
 18 with the Administrator a certificate of his right to so practice
 19 from the presiding judge or clerk of any such court”.

20 OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

21 SEC. 310. Section 208 of the Social Security Act is
 22 amended to read as follows:

23 “PENALTIES

24 “SEC. 208. Whoever—

25 “(a) for the purpose of causing an increase in any

1 payment authorized to be made under this title, or for
2 the purpose of causing any payment to be made where
3 no payment is authorized under this title, shall make or
4 cause to be made any false statement or representation
5 (including any false statement or representation in con-
6 nection with any matter arising under subchapter E of
7 chapter 1, or subchapter A or E of chapter 9 of the
8 Internal Revenue Code of 1939, or chapter 2 or 21 or
9 subtitle F of the Internal Revenue Code of 1954) as to—

10 “(1) whether wages were paid or received for
11 employment (as said terms are defined in this title
12 and the Internal Revenue Code), or the amount of
13 wages or the period during which paid or the person
14 to whom paid; or

15 “(2) whether net earnings from self-employ-
16 ment (as such term is defined in this title and in the
17 Internal Revenue Code) were derived, or as to
18 the amount of such net earnings or the period dur-
19 ing which or the person by whom derived; or

20 “(3) whether a person entitled to benefits
21 under this title had earnings in or for a particular
22 period (as determined under section 203 (e) of
23 this title for purposes of deductions from benefits),
24 or as to the amount thereof; or

1 “(b) makes or causes to be made any false state-
2 ment or representation of a material fact in any appli-
3 cation for any payment or for a disability determination
4 under this title; or

5 “(c) at any time makes or causes to be made any
6 false statement or representation of a material fact for
7 use in determining rights to payment under this title; or

8 “(d) having knowledge of the occurrence of any
9 event affecting (1) his initial or continued right to any
10 payment under this title, or (2) the initial or continued
11 right to any payment of any other individual in whose
12 behalf he has applied for or is receiving such payment,
13 conceals or fails to disclose such event with an intent
14 fraudulently to secure payment either in a greater
15 amount than is due or when no payment is authorized;
16 or

17 “(e) having made application to receive payment
18 under this title for the use and benefit of another and
19 having received such a payment, knowingly and willfully
20 converts such a payment, or any part thereof, to a use
21 other than for the use and benefit of such other person;
22 shall be guilty of a misdemeanor and upon conviction thereof
23 shall be fined not more than \$1,000 or imprisoned for not
24 more than one year, or both.”

1 SICK-LEAVE PAY OF STATE AND LOCAL EMPLOYEES

2 SEC. 311. ~~(a)~~ Subsection ~~(i)~~ of section 209 of the Social
3 Security Act is amended by inserting immediately before
4 the semicolon a period and the following: "As used in this
5 subsection, the term 'sick pay' includes remuneration for
6 service in the employ of a State, or a political subdivision
7 ~~(as defined in section 218 (b) (2))~~ of a State, or an
8 instrumentality of two or more States, paid to an employee
9 thereof for a period during which he was absent from work
10 because of sickness".

11 ~~(b)~~ The amendment made by subsection ~~(a)~~ shall be
12 applicable to remuneration paid after the enactment of this
13 Act, except that, in the case of any coverage group which
14 is included under the agreement of a State under section 218
15 of the Social Security Act, the amendment made by subsection
16 ~~(a)~~ shall also be applicable to remuneration for any member
17 of such coverage group with respect to services performed
18 after the effective date, specified in such agreement, for such
19 coverage group, if such State has paid or agrees, prior to Jan-
20 uary 1, 1959, to pay, prior to such date, the amounts which
21 under section 218 ~~(c)~~ would have been payable with respect
22 to remuneration of all members of such coverage group had
23 the amendment made by subsection ~~(a)~~ been in effect on and
24 after January 1, 1951. Failure by a State to make such

1 payments prior to January 1, 1959, shall be treated the same
 2 as failure to make payments when due under section 218 (e).

3 EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN
 4 PRODUCTS

5 SEC. ~~312~~ 311. (a) Section 210 (a) (1) of the Social
 6 Security Act is amended to read as follows:

7 “(1) Service performed by foreign agricultural
 8 workers (A) under contracts entered into in accord-
 9 ance with title V of the Agricultural Act of 1949, as
 10 amended, or (B) lawfully admitted to the United States
 11 from the Bahamas, Jamaica, and the other British
 12 West Indies, or from any other foreign country or
 13 possession thereof, on a temporary basis to perform
 14 agricultural labor;”.

15 (b) The amendment made by subsection (a) shall apply
 16 with respect to service performed after 1958.

17 EMPLOYMENT FOR NONPROFIT ORGANIZATION

18 SEC. ~~313~~ 312. (a) Section 210 (a) (8) (B) of title II
 19 of the Social Security Act is amended to read as follows:

20 “(B) Service performed in the employ of a reli-
 21 gious, charitable, educational, or other organization de-
 22 scribed in section 501 (c) (3) of the Internal Revenue
 23 Code of 1954, which is exempt from income tax under
 24 section 501 (a) of such Code, but this subparagraph
 25 shall not apply to service performed during the period

1 for which a certificate, filed pursuant to section 3121
 2 (k) of the Internal Revenue Code of 1954, is in effect
 3 if such service is performed by an employee—

4 “(i) whose signature appears on the list filed
 5 by such organization under such section 3121 (k),

6 “(ii) who became an employee of such organi-
 7 zation after the calendar quarter in which the cer-
 8 tificate (other than a certificate referred to in clause
 9 (iii)) was filed, or

10 “(iii) who, after the calendar quarter in which
 11 the certificate was filed with respect to a group
 12 described in paragraph (1) (E) of such section
 13 3121 (k), became a member of such group,
 14 except that this subparagraph shall apply with respect
 15 to service performed by an employee as a member of
 16 a group described in such paragraph (1) (E) with
 17 respect to which no certificate is in effect;”.

18 (b) The amendment made by subsection (a) shall
 19 apply with respect to certificates filed under section 3121
 20 (k) (1) of the Internal Revenue Code of 1954 after the
 21 date of enactment of this Act.

22 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

23 SEC. ~~314~~ 313. (a) Section 211 of the Social Security
 24 Act is amended by adding at the end thereof the following
 25 new subsection:

1 “Partner’s Taxable Year Ending as Result of Death

2 “(f) In computing a partner’s net earnings from self-
3 employment for his taxable year which ends as a result of his
4 death (but only if such taxable year ends within, and not
5 with, the taxable year of the partnership), there shall be in-
6 cluded so much of the deceased partner’s distributive share
7 of the partnership’s ordinary income or loss for the partner-
8 ship taxable year as is not attributable to an interest in the
9 partnership during any period beginning on or after the first
10 day of the first calendar month following the month in which
11 such partner died. For purposes of this subsection—

12 “(1) in determining the portion of the distributive
13 share which is attributable to any period specified in the
14 preceding sentence, the ordinary income or loss of the
15 partnership shall be treated as having been realized or
16 sustained ratably over the partnership taxable year; and

17 “(2) the term ‘deceased partner’s distributive
18 share’ includes the share of his estate or of any other
19 person succeeding, by reason of his death, to rights with
20 respect to his partnership interest.”

21 (b) The amendment made by subsection (a) shall
22 apply—

23 (1) with respect to individuals who die after the
24 date of the enactment of this Act, and

25 (2) with respect to any individual who died after

1 1955 and on or before the date of the enactment of this
2 Act, but only if the requirements of section 403 (b) (2)
3 of this Act are met.

4 GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO
5 SERVED IN THE ARMED FORCES OF ALLIED COUNTRIES

6 General Rule

7 SEC. ~~315~~ 314. (a) Section 217 of such Act is amended
8 by adding at the end thereof the following new subsection:

9 “(h) (1) For the purposes of this section and section
10 215 (d), any individual who the Secretary finds—

11 “(A) served during World War II (as defined in
12 subsection (d) (1)) in the active military or naval
13 service of a country which was on September 16, 1940,
14 at war with a country with which the United States
15 was at war during World War II;

16 “(B) entered into such active service on or before
17 December 8, 1941;

18 “(C) was a citizen of the United States through-
19 out such period of service or lost his United States
20 citizenship solely because of his entrance into such
21 service;

22 “(D) had resided in the United States for a period
23 or periods aggregating four years during the five-year
24 period ending on the day of, and was domiciled in the

1 United States on the day of, such entrance into such
2 active service; and

3 “(E) (i) was discharged or released from such
4 service under conditions other than dishonorable after
5 active service of ninety days or more or by reason of a
6 disability or injury incurred or aggravated in service in
7 line of duty, or

8 “(ii) died while in such service,

9 shall be considered a World War II veteran (as defined in
10 subsection (d) (2)) and such service shall be considered
11 to have been performed in the active military or naval serv-
12 ice of the United States.

13 “(2) In the case of any individual to whom paragraph
14 (1) applies, proof of support required under section 202
15 (f) or (h) may be filed by a parent at any time prior to the
16 expiration of two years after the date of such individual’s
17 death or the date of the enactment of this subsection, which-
18 ever is the later.”

19 Reimbursement to Disability Insurance Trust Fund

20 (b) (1) Section 217 (g) (1) of the Social Security
21 Act is amended by deleting “Trust Fund” and inserting in
22 lieu thereof “Trust Funds”.

23 (2) Section 217 (g) (2) of the Social Security Act is
24 amended by deleting “the Trust Fund” each time it appears

1 therein and inserting in lieu thereof “the Federal Old-Age
2 and Survivors Insurance Trust Fund” the first time and
3 “such Trust Fund” the other times.

4 Effective Date

5 (c) (1) The amendment made by subsection (a)
6 shall apply only with respect to (A) monthly benefits
7 under sections 202 and 223 of the Social Security Act for
8 months after the month in which this Act is enacted, (B)
9 lump-sum death payments under such section 202 in the
10 case of deaths occurring after the month in which this Act
11 is enacted, and (C) periods of disability under section 216
12 (i) in the case of applications for a disability determination
13 filed after the month in which this Act is enacted.

14 (2) In the case of any individual—

15 (A) who is a World War II veteran (as defined
16 in section 217 (d) (2) of the Social Security Act)
17 wholly or partly by reason of service described in section
18 217 (h) (1) (A) of such Act; and

19 (B) who (i) became entitled to old-age insurance
20 benefits under section 202 (a) of the Social Security
21 Act or to disability insurance benefits under section 223
22 of such Act prior to the first day of the month follow-
23 ing the month in which this Act is enacted, or (ii)
24 died prior to such first day, and whose widow, former
25 wife divorced, widower, child, or parent is entitled for

1 the month in which this Act is enacted, on the basis of
2 his wages and self-employment income, to a monthly
3 benefit under section 202 of such Act; and

4 (C) any part of whose service described in section
5 217 (h) (1) (A) of the Social Security Act was not
6 included in the computation of his primary insurance
7 amount under section 215 of such Act but would have
8 been included in such computation if the amendment
9 made by subsection (a) of this section had been effective
10 prior to the date of such computation,

11 the Secretary of Health, Education, and Welfare shall, not-
12 withstanding the provisions of section 215 (f) (1) of the
13 Social Security Act, recompute the primary insurance
14 amount of such individual upon the filing of an application,
15 after the month in which this Act is enacted, by him
16 or (if he has died without filing such an application) by
17 any person entitled to monthly benefits under section 202
18 of the Social Security Act on the basis of his wages and
19 self-employment income. Such recomputation shall be made
20 only in the manner provided in title II of the Social Security
21 Act as in effect at the time of the last previous computation
22 or recomputation of such individual's primary insurance
23 amount, and as though application therefor was filed in the
24 month in which application for such last previous computa-

tion or recomputation was filed. No recomputation made under this subsection shall be regarded as a recomputation under section 215 (f) of the Social Security Act. Any such recomputation shall be effective for and after the twelfth month before the month in which the application is filed, but in no case for the month in which this Act is enacted or any prior month.

POSITIONS COVERED BY STATE AND LOCAL RETIREMENT SYSTEMS

Division of Retirement Systems

SEC. ~~316~~ 315. (a) (1) Section 218 (d) (6) of the Social Security Act is amended to read as follows:

“(6) (A) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned.

“(B) If a retirement system covers positions of em-

1 ployees of one or more institutions of higher learning, then,
2 for purposes of such preceding paragraphs there shall, if the
3 State so desires, be deemed to be a separate retirement sys-
4 tem for the employees of each such institution of higher
5 learning. For the purposes of this subparagraph, the term
6 'institutions of higher learning' includes junior colleges and
7 teachers colleges.

8 “(C) For the purposes of this subsection, any
9 retirement system established by the State of California,
10 Connecticut, Florida, Georgia, Massachusetts, Minnesota,
11 New York, North Dakota, Pennsylvania, Rhode Island,
12 Tennessee, *Vermont*, Washington, Wisconsin, or the Terri-
13 tory of Hawaii, or any political subdivision of any such State
14 or Territory, which, on, before, or after the date of enactment
15 of this ~~subparagraph~~ *subparagraph*, is divided into two divi-
16 sions or parts, one of which is composed of positions of mem-
17 bers of such system who desire coverage under an agreement
18 under this section and the other of which is composed of posi-
19 tions of members of such system who do not desire such cov-
20 erage, shall, if the State or Territory so desires and if it is
21 provided that there shall be included in such division or part
22 composed of members desiring such coverage the positions of
23 individuals who become members of such system after such
24 coverage is extended, be deemed to be a separate retirement
25 system with respect to each such division or part.

1 “(D) The position of any individual which is covered by
2 any retirement system to which subparagraph (C) is appli-
3 cable shall, if such individual is ineligible to become a mem-
4 ber of such system on August 1, 1956, or, if later, the day
5 he first occupies such position, be deemed to be covered
6 by the separate retirement system consisting of the positions
7 of members of the division or part who do not desire cover-
8 age under the insurance system established under this title.

9 “(E) An individual who is in a position covered by a
10 retirement system to which subparagraph (C) is applicable
11 and who is not a member of such system but is eligible to
12 become a member thereof shall, for purposes of this subsec-
13 tion (other than paragraph ~~(8)~~ (8)), be regarded as a
14 member of such system; except that, in the case of any retire-
15 ment system a division or part of which is covered under the
16 agreement (either in the original agreement or by a modi-
17 fication thereof), which coverage is agreed to prior to 1960,
18 the preceding provisions of this subparagraph shall apply
19 only if the State so requests and any such individual re-
20 ferred to in such preceding provisions shall, if the State so
21 requests, be treated, after division of the retirement system
22 pursuant to such subparagraph (C), the same as individuals
23 in positions referred to in subparagraph (F).

24 “(F) In the case of any retirement system divided pur-
25 suant to subparagraph (C), the position of any member of

1 the division or part composed of positions of members who
2 do not desire coverage may be transferred to the separate
3 retirement system composed of positions of members who
4 desire such coverage if it is so provided in a modification of
5 such agreement which is mailed, or delivered by other
6 means, to the Secretary prior to 1960 or, if later, the expira-
7 tion of one year after the date on which such agreement, or
8 the modification thereof making the agreement applicable to
9 such separate retirement system, as the case may be, is
10 agreed to, but only if, prior to such modification or such
11 later modification, as the case may be, the individual occu-
12 pying such position files with the State a written request
13 for such transfer.

14 “(G) For the purposes of this subsection, in the case
15 of any retirement system of the State of Florida, Georgia,
16 Minnesota, North Dakota, Pennsylvania, Washington, or
17 the Territory of Hawaii which covers positions of employees
18 of such State or Territory who are compensated in whole
19 or in part from grants made to such State or Territory under
20 title III, there shall be deemed to be, if such State or Terri-
21 tory so desires, a separate retirement system with respect to
22 any of the following:

23 “(i) the positions of such employees;

24 “(ii) the positions of all employees of such State
25 or Territory covered by such retirement system who are

1 employed in the department of such State or Territory
2 in which the employees referred to in clause (i) are
3 employed; or

4 “(iii) employees of such State or Territory cov-
5 ered by such retirement system who are employed in
6 such department of such State or Territory in positions
7 other than those referred to in clause (i).”

8 (2) Paragraph (7) of section 218 (d) of such Act is
9 amended by striking out “(created under the fourth sentence
10 of paragraph (6))” and inserting in lieu thereof “(created
11 under subparagraph (C) of paragraph (6) or the corre-
12 sponding provision of prior law)”; and by striking out “the
13 fourth and fifth sentences of paragraph (6)” and inserting
14 in lieu thereof “subparagraphs (C) and (D) of paragraph
15 (6) *or the corresponding provision of prior law*”.

16 (3) The second sentence of paragraph (2) of section
17 218 (k) of such Act is amended by striking out “the pre-
18 ceding sentence” and inserting in lieu thereof “the first sen-
19 tence of this paragraph”. The last sentence of such para-
20 graph is amended by striking out “the fourth sentence of
21 subsection (d) (6)” and inserting in lieu thereof “sub-
22 paragraph (C) of subsection (d) (6) *or the corre-*
23 *sponding provision of prior law*”. Such paragraph is
24 further amended by inserting after the first sentence the
25 following new sentence: “An individual who is in a position

1 covered by a retirement system divided pursuant to the
2 preceding sentence and who is not a member of such system
3 but is eligible to become a member thereof shall, for purposes
4 of this subsection, be regarded as a member of such system.
5 Coverage under the agreement of any such individual shall
6 be provided under the same conditions, to the extent prac-
7 ticable, as are applicable in the case of the States to which
8 the provisions of subsection (d) (6) (C) apply.”

9 Coverage Under Other Retirement Systems

10 (b) Section 218 (d) of such Act is amended by adding
11 at the end thereof the following new paragraph:

12 “(8) (A) Notwithstanding paragraph (1), if under the
13 provisions of this subsection an agreement is, after December
14 31, 1958, made applicable to service performed in positions
15 covered by a retirement system, service performed by an
16 individual in a position covered by such a system may not be
17 excluded from the agreement because such position is also
18 covered under another retirement system.

19 “(B) Subparagraph (A) shall not apply to service
20 performed by an individual in a position covered under a
21 retirement system if such individual, on the day the agree-
22 ment is made applicable to service performed in positions cov-
23 ered by such retirement system, is not a member of such
24 system and is a member of another system.

25 “(C) If an agreement is made applicable, prior to 1959,

1 to service in positions covered by any retirement system, the
 2 preceding provisions of this paragraph shall be applicable
 3 in the case of such system if the agreement is modified to so
 4 provide.

5 “(D) Except in the case of agreements with the States
 6 named in subsection (p) and agreements with interstate
 7 instrumentalities, nothing in this paragraph shall authorize
 8 the application of an agreement to service in any policeman’s
 9 or fireman’s position.”

10 Retroactive Coverage

11 (c) (1) Section 218 (f) of such Act is amended
 12 by inserting “(1)” immediately after “(f)”, by redesignat-
 13 ing clauses (1), (2), (3), and (4) thereof as clauses (A),
 14 (B), (C), and (D), respectively, and by adding at the
 15 end thereof the following new paragraph:

16 “(2) In the case of service performed by members
 17 of any coverage group—

18 “(A) to which an agreement under this section
 19 is made applicable, and

20 “(B) with respect to which the agreement, or
 21 modification thereof making the agreement so applicable,
 22 specifies an effective date earlier than the date of execu-
 23 tion of such agreement and such modification, re-
 24 spectively,

25 the agreement shall, if so requested by the State, be ap-

1 plicable to such services (to the extent the agreement was
 2 not already applicable) performed before such date of execu-
 3 tion and after such effective date by any individual as a
 4 member of such coverage group if he is such a member on
 5 a date, specified by the State, which is earlier than such date
 6 of execution, except that in no case may the date so specified
 7 be earlier than the date such agreement or such modification,
 8 as the case may be, is mailed, or delivered by other means,
 9 to the Secretary.”

10 (2) The amendment made by this subsection shall ap-
 11 ply in the case of any agreement, or modification of an
 12 agreement, under section 218 of the Social Security Act,
 13 which is executed after the date of enactment of this Act.

14 POLICEMEN AND FIREMEN OF INTERSTATE INSTRU-
 15 MENTALITIES

16 SEC. 317. Subsection ~~(k)~~ of section 218 of the Social
 17 Security Act is amended by adding at the end thereof the
 18 following new paragraph:

19 “~~(3)~~ Any agreement with any instrumentality of two
 20 or more States entered into pursuant to this Act may,
 21 notwithstanding the provisions of subsection ~~(d)~~ ~~(5)~~ ~~(A)~~
 22 and the references thereto in subsections ~~(d)~~ ~~(1)~~ and ~~(d)~~
 23 ~~(3)~~, apply to service performed by employees of such in-
 24 strumentality in any policeman’s or fireman’s position covered
 25 by a retirement system, but only upon compliance, to the

1 extent practicable, with the requirements of subsection (d)
 2 (3). For the purpose of the preceding sentence, a retire-
 3 ment system which covers positions of policemen or firemen,
 4 or both, and other positions shall, if the instrumentality con-
 5 cerned so desires, be deemed to be a separate retirement
 6 system with respect to the positions of such policemen or
 7 firemen, or both, as the case may be."

8 TITLE IV—AMENDMENTS TO THE INTERNAL
 9 REVENUE CODE OF 1954

10 CHANGES IN TAX SCHEDULES

11 Self-Employment Income Tax

12 SEC. 401. (a) Section 1401 of the Internal Revenue
 13 Code of 1954 (relating to rate of tax on self-employment
 14 income) is amended to read as follows:

15 "SEC. 1401. RATE OF TAX.

16 "In addition to other taxes, there shall be imposed for
 17 each taxable year, on the self-employment income of every
 18 individual, a tax as follows:

19 "(1) in the case of any taxable year beginning
 20 after December 31, 1958, and before January 1, 1960,
 21 the tax shall be equal to $3\frac{3}{4}$ percent of the amount of
 22 the self-employment income for such taxable year;

23 "(2) in the case of any taxable year beginning after
 24 December 31, 1959, and before January 1, 1963, the

tax shall be equal to $4\frac{1}{2}$ percent of the amount of the self-employment income for such taxable year;

“(3) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to $5\frac{1}{4}$ percent of the amount of the self-employment income for such taxable year;

“(4) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year; and

“(5) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to $6\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year.”

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

“SEC. 3101. RATE OF TAX.

“In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b)) —

1 “(1) with respect to wages received during the
2 calendar year 1959, the rate shall be $2\frac{1}{2}$ percent;

3 “(2) with respect to wages received during the
4 calendar years 1960 to 1962, both inclusive, the rate
5 shall be 3 percent;

6 “(3) with respect to wages received during the
7 calendar years 1963 to 1965, both inclusive, the rate
8 shall be $3\frac{1}{2}$ percent;

9 “(4) with respect to wages received during the
10 calendar years 1966 to 1968, both inclusive, the rate
11 shall be 4 percent; and

12 “(5) with respect to wages received after Decem-
13 ber 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

14 Tax on Employers

15 (c) Section 3111 of such Code (relating to rate of tax
16 on employers under the Federal Insurance Contributions
17 Act) is amended to read as follows:

18 **“SEC. 3111. RATE OF TAX.**

19 “‘In addition to other taxes, there is hereby imposed on
20 every employer an excise tax, with respect to having indi-
21 viduals in his employ, equal to the following percentages of
22 the wages (as defined in section 3121 (a)) paid by him

1 with respect to employment (as defined in section 3121
2 (b)) —

3 “(1) with respect to wages paid during the calen-
4 dar year 1959, the rate shall be $2\frac{1}{2}$ percent;

5 “(2) with respect to wages paid during the calen-
6 dar years 1960 to 1962, both inclusive, the rate shall be
7 3 percent;

8 “(3) with respect to wages paid during the calen-
9 dar years 1963 to 1965, both inclusive, the rate shall be
10 $3\frac{1}{2}$ percent;

11 “(4) with respect to wages paid during the calen-
12 dar years 1966 to 1968, both inclusive, the rate shall be
13 4 percent; and

14 “(5) with respect to wages paid after December
15 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

16 Effective Dates

17 (d) The amendment made by subsection (a) shall
18 apply with respect to taxable years beginning after Decem-
19 ber 31, 1958. The amendments made by subsections (b)
20 and (c) shall apply with respect to remuneration paid after
21 December 31, 1958.

INCREASE IN TAX BASE

Definition of Self-Employment Income

SEC. 402. (a) (1) Subparagraph (B) of section 1402 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

“(B) for any taxable year ending after 1954 and before 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and”.

(2) Paragraph (1) of section 1402 (b) of such Code is further amended by adding at the end thereof the following new subparagraph:

“(C) for any taxable year ending after 1958, (i) \$4,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

Definition of Wages

(b) Section 3121 (a) of such Code (relating to the definition of wages) is amended by striking out “\$4,200” wherever it appears and inserting in lieu thereof “\$4,800”.

Federal Service

(c) Section 3122 of such Code (relating to Federal service) is amended by striking out “\$4,200” wherever it appears and inserting in lieu thereof “\$4,800”.

Refunds

(d) (1) Paragraph (1) of section 6413 (c) of such Code is amended to read as follows:

“(1) IN GENERAL.—If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed \$3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee’s wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received by him during such year exceed \$4,200, or (B) during any calendar year after the calendar year 1958, the wages received by him during such year exceed *exceed \$4,800, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of*

1 any amount of tax, with respect to such wages, imposed
2 by section 3101 and deducted from the employee's
3 wages (whether or not paid to the Secretary or his
4 delegate), which exceeds the tax with respect to the
5 first \$4,200 of such wages received in such calendar
6 year after 1954 and before 1959, or which exceeds the
7 tax with respect to the first \$4,800 of such wages
8 received in such calendar year after 1958."

9 (2) Subparagraph (A) of section 6413 (c) (2) of
10 such Code is amended to read as follows:

11 “(A) FEDERAL EMPLOYEES.—In the case of
12 remuneration received from the United States or a
13 wholly owned instrumentality thereof during any
14 calendar year, each head of a Federal agency or
15 instrumentality who makes a return pursuant to
16 section 3122 and each agent, designated by the head
17 of a Federal agency or instrumentality, who makes
18 a return pursuant to such section shall, for purposes
19 of this subsection, be deemed a separate employer,
20 and the term ‘wages’ includes for purposes of this
21 subsection the amount, not to exceed \$3,600 for the
22 calendar year 1951, 1952, 1953, or 1954, \$4,200
23 for the calendar year 1955, 1956, 1957, or 1958,
24 or \$4,800 for any calendar year after 1958, deter-

mined by each such head or agent as constituting wages paid to an employee.”

Effective Date

(e) The amendments made by subsections (b) and (c) shall be applicable only with respect to remuneration paid after 1958.

PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

General Rule

SEC. 403. (a) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

“(f) PARTNER'S TAXABLE YEAR ENDING AS THE RESULT OF DEATH.—In computing a partner's net earnings from self-employment for his taxable year which ends as a result of his death (but only if such taxable year ends within, and not with, the taxable year of the partnership), there shall be included so much of the deceased partner's distributive share of the partnership's ordinary income or loss for the partnership taxable year as is not attributable to an interest in the partnership during any period beginning on or after the first day of the first calendar month following the month in which such partner died. For purposes of this subsection—

1 “(1) in determining the portion of the distributive
2 share which is attributable to any period specified in the
3 preceding sentence, the ordinary income or loss of the
4 partnership shall be treated as having been realized or
5 sustained ratably over the partnership taxable year; and

6 “(2) the term ‘deceased partner’s distributive
7 share’ includes the share of his estate or of any other
8 person succeeding, by reason of his death, to rights with
9 respect to his partnership interest.”

10 Effective Date

11 (b) (1) Except as provided in paragraph (2), the
12 amendment made by subsection (a) shall apply only with
13 respect to individuals who die after the date of the enact-
14 ment of this Act.

15 (2) In the case of an individual who died after 1955 and
16 on or before the date of the enactment of this Act, the amend-
17 ment made by subsection (a) shall apply only if—

18 (A) before January 1, 1960, there is filed a return
19 (or amended return) of the tax imposed by chapter 2
20 of the Internal Revenue Code of 1954 for the taxable
21 year ending as a result of his death, and

22 (B) in any case where the return is filed solely
23 for the purpose of reporting net earnings from self-em-
24 ployment resulting from the amendment made by sub-

section (a), the return is accompanied by the amount of tax attributable to such net earnings.

In any case described in the preceding sentence, no interest or penalty shall be assessed or collected on the amount of any tax due under chapter 2 of such Code solely by reason of the operation of section 1402 (f) of such Code.

SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

SEC. 404. (a) Section 3121 (b) (1) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended to read as follows:

“(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any other foreign country or possession thereof, on a temporary basis to perform agricultural labor;”.

(b) The amendment made by subsection (a) shall apply with respect to service performed after 1958.

NONPROFIT ORGANIZATION'S WAIVER CERTIFICATES

SEC. 405. (a) Section 3121 (k) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

1 “(1) WAIVER OF EXEMPTION BY ORGANIZA-
2 TION.—

3 “(A) An organization described in section 501
4 (c) (3) which is exempt from income tax under
5 section 501 (a) may file a certificate (in such form
6 and manner, and with such official, as may be pre-
7 scribed by regulations made under this chapter)
8 certifying that it desires to have the insurance sys-
9 tem established by title II of the Social Security
10 Act extended to service performed by its employees
11 and that at least two-thirds of its employees concur
12 in the filing of the certificate. Such certificate may
13 be filed only if it is accompanied by a list contain-
14 ing the signature, address, and social security ac-
15 count number (if any) of each employee who
16 concurs in the filing of the certificate. Such list
17 may be amended at any time prior to the expira-
18 tion of the twenty-fourth month following the calen-
19 dar quarter in which the certificate is filed by filing
20 with the prescribed official a supplemental list or
21 lists containing the signature, address, and social
22 security account number (if any) of each additional
23 employee who concurs in the filing of the certificate.
24 The list and any supplemental list shall be filed in

1 such form and manner as may be prescribed by
2 regulations made under this chapter.

3 “(B) The certificate shall be in effect (for
4 purposes of subsection (b) (8) (B) and for pur-
5 poses of section 210 (a) (8) (B) of the Social
6 Security Act) for the period beginning with which-
7 ever of the following may be designated by the
8 organization:

9 “(i) the first day of the calendar quarter
10 in which the certificate is filed,

11 “(ii) the first day of the calendar quarter
12 succeeding such quarter, or

13 “(iii) the first day of any calendar quarter
14 preceding the calendar quarter in which the
15 certificate is filed, except that, in the case
16 of a certificate filed prior to January 1, 1960,
17 such date may not be earlier than January 1,
18 1956, and in the case of a certificate filed after
19 1959, such date may not be earlier than the
20 first day of the fourth calendar quarter preced-
21 ing the quarter in which such certificate is filed.

22 “(C) In the case of service performed by an
23 employee whose name appears on a supplemental
24 list filed after the first month following the

1 calendar quarter in which the certificate is filed, the
2 certificate shall be in effect (for purposes of subsec-
3 tion (b) (8) (B) and for purposes of section 210
4 (a) (8) (B) of the Social Security Act) only with
5 respect to service performed by such individual for
6 the period beginning with the first day of the calen-
7 dar quarter in which such supplemental list is filed.

8 “(D) The period for which a certificate filed
9 pursuant to this subsection or the corresponding sub-
10 section of prior law is effective may be terminated
11 by the organization, effective at the end of a calen-
12 dar quarter, upon giving 2 years’ advance notice in
13 writing, but only if, at the time of the receipt of
14 such notice, the certificate has been in effect for a
15 period of not less than 8 years. The notice of ter-
16 mination may be revoked by the organization by
17 giving, prior to the close of the calendar quarter
18 specified in the notice of termination, a written
19 notice of such revocation. Notice of termination or
20 revocation thereof shall be filed in such form and
21 manner, and with such official, as may be prescribed
22 by regulations made under this chapter.

23 “(E) If an organization described in subpara-
24 graph (A) employs both individuals who are in
25 positions covered by a pension, annuity, retirement,

1 or similar fund or system established by a State or
2 by a political subdivision thereof and individuals
3 who are not in such positions, the organization shall
4 divide its employees into two separate groups. One
5 group shall consist of all employees who are in
6 positions covered by such a fund or system and (i)
7 are members of such fund or system, or (ii) are
8 not members of such fund or system but are
9 eligible to become members thereof; and the other
10 group shall consist of all remaining employees. An
11 organization which has so divided its employees
12 into two groups may file a certificate pursuant to
13 subparagraph (A) with respect to the employees
14 in one of the groups if at least two-thirds of the
15 employees in such group concur in the filing of the
16 certificate. The organization may also file such a
17 certificate with respect to the employees in the
18 other group if at least two-thirds of the employees
19 in such other group concur in the filing of such
20 certificate.

21 “(F) An organization which filed a certificate
22 under this subsection after 1955 but prior to the
23 enactment of this subparagraph may file a request
24 at any time before 1960 to have such certificate
25 effective, with respect to the service of individuals

1 who concurred in the filing of such certificate
2 (initially or through the filing of a supplemental
3 list) prior to enactment of this subparagraph and
4 who concur in the filing of such new request, for
5 the period beginning with the first day of any
6 calendar quarter preceding the first calendar quarter
7 for which it was effective and following the last
8 calendar quarter of 1955. Such request shall be
9 filed with such official and in such form and manner
10 as may be prescribed by regulations made under
11 this chapter. If a request is filed pursuant to this
12 subparagraph—

13 “(i) for purposes of computing interest
14 and for purposes of section 6651 (relating to
15 addition to tax for failure to file tax return),
16 the due date for the return and payment of the
17 tax for any calendar quarter resulting from the
18 filing of such request shall be the last day of the
19 calendar month following the calendar quarter
20 in which the request is filed; and

21 “(ii) the statutory period for the assess-
22 ment of such tax shall not expire before the
23 expiration of 3 years from such due date.

24 “(G) If a certificate filed pursuant to this para-
25 graph is effective for one or more calendar quarters

1 prior to the quarter in which the certificate is filed,
2 then—

3 “(i) for purposes of computing interest
4 and for purposes of section 6651 (relating to
5 addition to tax for failure to file tax return), the
6 due date for the return and payment of the tax
7 for such prior calendar quarters resulting from
8 the filing of such certificate shall be the last
9 day of the calendar month following the calen-
10 dar quarter in which the certificate is filed; and

11 “(ii) the statutory period for the assess-
12 ment of such tax shall not expire before the
13 expiration of 3 years from such due date.”

14 (b) Section 3121 (b) (8) (B) of the Internal Reve-
15 nue Code of 1954 is amended to read as follows:

16 “(B) service performed in the employ of a
17 religious, charitable, educational, or other organiza-
18 tion described in section 501 (c) (3) which is
19 exempt from income tax under section 501 (a),
20 but this subparagraph shall not apply to service per-
21 formed during the period for which a certificate, filed
22 pursuant to subsection (k) (or the corresponding
23 subsection of prior law), is in effect if such service
24 is performed by an employee—

1 “(i) whose signature appears on the list
2 filed by such organization under subsection (k)
3 (or the corresponding subsection of prior law),

4 “(ii) who became an employee of such
5 organization after the calendar quarter in which
6 the certificate (other than a certificate referred
7 to in clause (iii)) was filed, or

8 “(iii) who, after the calendar quarter in
9 which the certificate was filed with respect to a
10 group described in section 3121 (k) (1) (E),
11 became a member of such group,

12 except that this subparagraph shall apply with re-
13 spect to service performed by an employee as a
14 member of a group described in section 3121 (k)
15 (1) (E) with respect to which no certificate is in
16 effect;”.

17 (c) The amendments made by subsections (a) and (b)
18 shall apply with respect to certificates filed under section
19 3121 (k) (1) of the Internal Revenue Code of 1954 after
20 the date of enactment of this Act *and requests filed under*
21 *subparagraph (F) of such section after such date.*

22 EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

23 SEC. 406. Section 6334 (a) of the Internal Revenue
24 Code of 1954 (relating to enumeration of property exempt

1 from levy) is amended by adding at the end thereof the
 2 following new paragraph:

3 “(4) UNEMPLOYMENT BENEFITS.—Any amount
 4 payable to an individual with respect to his unemploy-
 5 ment (including any portion thereof payable with re-
 6 spect to dependents) under an unemployment compensa-
 7 tion law of the United States, of any State or Territory,
 8 or of the District of Columbia or of the Commonwealth
 9 of Puerto Rico.”

10 TITLE V—AMENDMENTS RELATING TO PUBLIC 11 ASSISTANCE

12 OLD-AGE ASSISTANCE

13 SEC. 501. Subsection (a) of section 3 of the Social
 14 Security Act is amended to read as follows:

15 “(a) From the sums appropriated therefor, the Secre-
 16 tary of the Treasury shall pay to each State which has an
 17 approved plan for old-age assistance, for each quarter, be-
 18 ginning with the quarter commencing ~~October 1, 1958~~ *Jan-*
 19 *uary 1, 1959*, (1) in the case of any State other than Puerto
 20 Rico, the Virgin Islands, and Guam, an amount equal to the
 21 sum of the following proportions of the total amounts ex-
 22 pended during such quarter as old-age assistance under the
 23 State plan (including expenditures for insurance premiums

1 for medical or any other type of remedial care or the cost
2 thereof) —

3 “(A) four-fifths of such expenditures, not counting
4 so much of any expenditure with respect to any month
5 as exceeds the product of \$30 multiplied by the total
6 number of recipients of old-age assistance for such
7 month (which total number, for purposes of this clause
8 ~~and clause (B)~~ and for purposes of clause ~~(2)~~ *subsec-*
9 *tion*, means (i) the number of individuals who received
10 old-age assistance in the form of money payments for
11 such month, plus (ii) the number of other individuals
12 with respect to whom expenditures were made in such
13 month as old-age assistance in the form of medical or
14 any other type of remedial care) ; plus

15 “(B) the Federal percentage of the amount by
16 which such expenditures exceed the maximum which
17 may be counted under clause (A), ~~but~~ not counting
18 so much of any expenditure with respect to any month
19 as exceeds the product of ~~\$66~~ \$65 multiplied by the total
20 number of such recipients of old-age assistance for such
21 month;

22 and (2) in the case of Puerto Rico, the Virgin Islands, and
23 Guam, an amount equal to one-half of the total of the sums
24 expended during such quarter as old-age assistance under
25 the State plan (including expenditures for insurance pre-

1 miums for medical or any other type of remedial care or
 2 the cost thereof) , not counting so much of any expenditure
 3 with respect to any month as exceeds ~~\$36~~ \$35 multiplied by
 4 the total number of recipients of old-age assistance for such
 5 month; and (3) in the case of any State, an amount equal
 6 to one-half of the total of the sums expended during such
 7 quarter as found necessary by the Secretary of Health, Edu-
 8 cation, and Welfare for the proper and efficient administra-
 9 tion of the State plan, including services which are provided
 10 by the staff of the State agency (or of the local agency
 11 administering the State plan in the political subdivision)
 12 to applicants for and recipients of old-age assistance to help
 13 them attain self-care.”

14 AID TO DEPENDENT CHILDREN

15 SEC. 502. Subsection (a) of section 403 of the Social
 16 Security Act is amended to read as follows:

17 “(a) From the sums appropriated therefor, the Secre-
 18 tary of the Treasury shall pay to each State which has an
 19 approved plan for aid to dependent children, for each quarter,
 20 beginning with the quarter commencing ~~October 1, 1958~~
 21 *January 1, 1959*, (1) in the case of any State other than
 22 Puerto Rico, the Virgin Islands, and Guam, an amount
 23 equal to the sum of the following proportions of the total
 24 amounts expended during such quarter as aid to dependent
 25 children under the State plan (including expenditures for

1 insurance premiums for medical or any other type of reme-
 2 dial care or the cost thereof) —

3 “(A) five-sixths of such expenditures, not counting
 4 so much of any expenditure with respect to any month
 5 as exceeds the product of \$18 multiplied by the total
 6 number of recipients of aid to dependent children for
 7 such month (which total number, for purposes of this
 8 clause and clause ~~(B)~~ and for purposes of clause ~~(2)~~ sub-
 9 section, means (i) the number of individuals with respect
 10 to whom aid to dependent children in the form of money
 11 payments is paid for such month, plus (ii) the number
 12 of other individuals with respect to whom expenditures
 13 were made in such month as aid to dependent children
 14 in the form of medical or any other type of remedial
 15 care) ; plus

16 “(B) the Federal percentage of the amount by
 17 which such expenditures exceed the maximum which
 18 may be counted under clause (A), ~~but~~ not counting so
 19 much of any expenditure with respect to any month
 20 as exceeds the product of ~~\$23~~ \$30 multiplied by the total
 21 number of recipients of aid to dependent children for
 22 such month;

23 and (2) in the case of Puerto Rico, the Virgin Islands,
 24 and Guam, an amount equal to one-half of the total of the
 25 sums expended during such quarter as aid to dependent

1 children under the State plan (including expenditures for
 2 insurance premiums for medical or any other type of
 3 remedial care or the cost thereof), not counting so much
 4 of any expenditure with respect to any month as exceeds
 5 \$18 multiplied by the total number of recipients of aid to
 6 dependent children for such month; and (3) in the case
 7 of any State, an amount equal to one-half of the total of the
 8 sums expended during such quarter as found necessary by
 9 the Secretary of Health, Education, and Welfare for the
 10 proper and efficient administration of the State plan, in-
 11 cluding services which are provided by the staff of the State
 12 agency (or of the local agency administering the State plan
 13 in the political subdivision) to relatives with whom such
 14 children (applying for or receiving such aid) are living,
 15 in order to help such relatives attain self-support or self-
 16 care, or which are provided to maintain and strengthen
 17 family life for such children.”

18 AID TO THE BLIND

19 SEC. 503. Subsection (a) of section 1003 of the Social
 20 Security Act is amended to read as follows:

21 “(a) From the sums appropriated therefor, the Secre-
 22 tary of the Treasury shall pay to each State which has an
 23 approved plan for aid to the blind, for each quarter, begin-
 24 ning with the quarter commencing ~~October 1, 1958~~ *Janu-*
 25 *ary 1, 1959*, (1) in the case of any State other than Puerto

1 Rico, the Virgin Islands, and Guam, an amount equal to
 2 the sum of the following proportions of the total amounts
 3 expended during such quarter as an aid to the blind under
 4 the State plan (including expenditures for insurance pre-
 5 miums for medical or any other type of remedial care or
 6 the cost thereof) —

7 “ (A) four-fifths of such expenditures, not counting
 8 so much of any expenditure with respect to any month
 9 as exceeds the product of \$30 multiplied by the total
 10 number of recipients of aid to the blind for such month
 11 (which total number, for purposes of this clause and
 12 clause ~~(B)~~ and for purposes of clause ~~(2)~~ subsection,
 13 means (i) the number of individuals who received aid to
 14 the blind in the form of money payments for such month,
 15 plus (ii) the number of other individuals with respect
 16 to whom expenditures were made in such month as
 17 aid to the blind in the form of medical or any other
 18 type of remedial care) ; plus

19 “ (B) the Federal percentage of the amount by
 20 which such expenditures exceed the maximum which
 21 may be counted under clause (A), ~~but~~ not counting so
 22 much of any expenditure with respect to any month as
 23 exceeds the product of ~~\$66~~ \$65 multiplied by the total
 24 number of such recipients of aid to the blind for such
 25 month;

1 and (2) in the case of Puerto Rico, the Virgin Islands, and
 2 Guam, an amount equal to one-half of the total of the sums
 3 expended during such quarter as aid to the blind under the
 4 State plan (including expenditures for insurance premiums
 5 for medical or any other type of remedial care or the cost
 6 thereof), not counting so much of any expenditure with re-
 7 spect to any month as exceeds ~~\$36~~ \$35 multiplied by the total
 8 number of recipients of aid to the blind for such month; and
 9 (3) in the case of any State, an amount equal to one-half
 10 of the total of the sums expended during such quarter as
 11 found necessary by the Secretary of Health, Education, and
 12 Welfare for the proper and efficient administration of the
 13 State plan, including services which are provided by the staff
 14 of the State agency (or of the local agency administering the
 15 State plan in the political subdivision) to applicants for and
 16 recipients of aid to the blind to help them attain self-support
 17 or self-care.”

18 AID TO THE PERMANENTLY AND TOTALLY DISABLED

19 SEC. 504. Subsection (a) of section 1403 of the Social
 20 Security Act is amended to read as follows:

21 “(a) From the sums appropriated therefor, the Secre-
 22 tary of the Treasury shall pay to each State which has an
 23 approved plan for aid to the permanently and totally dis-
 24 abled, for each quarter, beginning with the quarter com-

1 mencing ~~October 1, 1958~~ *January 1, 1959*, (1) in the case
 2 of any State other than Puerto Rico, the Virgin Islands, and
 3 Guam, an amount equal to the sum of the following propor-
 4 tions of the total amounts expended during such quarter as
 5 aid to the permanently and totally disabled under the State
 6 plan (including expenditures for insurance premiums for
 7 medical or any other type of remedial care or the cost
 8 thereof) —

9 “(A) four-fifths of such expenditures, not counting
 10 so much of any expenditure with respect to any month as
 11 exceeds the product of \$30 multiplied by the total
 12 number of recipients of aid to the permanently and
 13 totally disabled for such month (which total number,
 14 for purposes of this clause and clause ~~(B)~~ and for pur-
 15 poses of clause ~~(2)~~ subsection, means (i) the number of
 16 individuals who received aid to the permanently and to-
 17 tally disabled in the form of money payments for such
 18 month, plus (ii) the number of other individuals with
 19 respect to whom expenditures were made in such month
 20 as aid to the permanently and totally disabled in the
 21 form of medical or any other type of remedial care);
 22 plus

23 “(B) the Federal percentage of the amount by
 24 which such expenditures exceed the maximum which

may be counted under clause (A), ~~but~~ not counting so much of any expenditure with respect to any month as exceeds the product of ~~\$66~~ \$65 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds ~~\$36~~ \$35 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care."

1 FEDERAL MATCHING PERCENTAGE

2 SEC. 505. Subsection (a) of section 1101 of the Social
3 Security Act is amended by adding at the end thereof the fol-
4 lowing new paragraph:

5 “(8) (A) The ‘Federal percentage’ for any State
6 (other than Puerto Rico, the Virgin Islands, and Guam)
7 shall be 100 per centum less the State percentage; and
8 the State percentage shall be that percentage which
9 bears the same ratio to 50 per centum as the square of
10 the per capita income of such State bears to the square
11 of the per capita income of the continental United States
12 (excluding Alaska); except that (i) the Federal per-
13 centage shall in no case be less than 50 per centum or
14 more than 70 per centum, and (ii) the Federal per-
15 centage shall be 50 per centum for Alaska and Hawaii.

16 “(B) The Federal percentage for each State (other
17 than Puerto Rico, the Virgin Islands, and Guam) shall
18 be promulgated by the Secretary between July 1 and
19 August 31 of each even-numbered year, on the basis of
20 the average per capita income of each State and of the
21 continental United States (excluding Alaska) for the
22 three most recent calendar years for which satisfactory
23 data are available from the Department of Commerce.
24 Such promulgation shall be conclusive for each of the
25 eight quarters in the period beginning July 1 next suc-

ceeding such promulgation: *Provided*, That the Secretary shall promulgate such percentage as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the ~~eleven~~ *ten* quarters in the period beginning ~~October 1, 1958~~ *January 1, 1959*, and ending with the close of June 30, 1961.”

EXTENSION TO GUAM

SEC. 506. Section 1101 (a) (1) of the Social Security Act is amended by striking out “Puerto Rico and the Virgin Islands” and inserting in lieu thereof “Puerto Rico, the Virgin Islands, and Guam”.

INCREASE IN LIMITATIONS ON PUBLIC ASSISTANCE PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 507. (a) Section 1108 of the Social Security Act is amended by striking out “\$5,312,500” and “\$200,000” and inserting in lieu thereof “\$8,500,000” and “\$300,000”, respectively, by striking out “and” immediately following the semicolon, and by adding immediately before the period at the end thereof “; and the total amount certified by the Secretary under such titles for payment to Guam with respect to any fiscal year shall not exceed \$400,000”.

(b) The heading of such section is amended to read

1 “LIMITATION ON PAYMENTS TO PUERTO RICO, *THE VIRGIN*
2 ISLANDS, AND GUAM”.

3 MATERNAL AND CHILD WELFARE GRANTS FOR GUAM

4 SEC. 508. Such section 1108 is further amended by
5 adding at the end thereof the following new sentence: “Not-
6 withstanding the provisions of sections 502 (a) (2), 512
7 (a) (2), and 522 (a), and until such time as the Congress
8 may by appropriation or other law otherwise provide, the
9 Secretary shall, in lieu of the \$60,000, \$60,000, and
10 \$60,000, respectively, specified in such sections, allot such
11 smaller amounts to Guam as he may deem appropriate.”

12 TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS
13 RELATING TO STATE PLANS FOR AID TO THE BLIND

14 SEC. 509. Section 344 (b) of the Social Security Act
15 Amendments of 1950 (Public Law 734, Eighty-first Con-
16 gress), as amended, is amended by striking out “June 30,
17 1959” and inserting in lieu thereof “June 30, 1961”.

18 SPECIAL PROVISION FOR CERTAIN INDIANS REPEALED

19 SEC. 510. Effective in the case of payments with respect
20 to expenditures by States, under plans approved under title
21 I, IV, or X of the Social Security Act, for quarters beginning
22 after September 30, 1958, section 9 of the Act of April 19,
23 1950, as amended (25 U. S. C. 639), is repealed.

1 TECHNICAL AMENDMENT

2 SEC. ~~544~~ 510. Section 2 (a) (11) of the Social Security
3 Act is amended by inserting before the period at the end
4 thereof “, including a description of the steps taken to assure,
5 in the provision of such services, maximum utilization of
6 other agencies providing similar or related services”.

7 EFFECTIVE DATES

8 SEC. ~~542~~ 511. Notwithstanding the provisions of sections
9 305 and 345 of the Social Security Amendments of 1956,
10 as amended, the amendments made by sections 501, 502,
11 503, 504, 505, and 506 shall be effective—

12 (1) in the case of money payments, under a State
13 plan approved under title I, IV, X, or XIV of the
14 Social Security Act, for months after ~~September~~ *Decem-*
15 *ber* 1958, and

16 (2) in the case of assistance in the form of medical
17 or any other type of remedial care, under such a plan,
18 with respect to expenditures made after ~~September~~
19 *December* 1958.

20 The amendment made by section 506 shall also become
21 effective, for purposes of title V of the Social Security Act,
22 for fiscal years ending after June 30, 1959. The amend-
23 ments made by section 507 shall be effective for fiscal years

1 ending after June 30, 1958. The amendment made by
2 section 508 shall be effective for fiscal years ending after
3 June 30, 1959. The amendment made by section 510 shall
4 become effective October 1, 1958.

5 TITLE VI—MATERNAL AND CHILD WELFARE

6 CHILD WELFARE SERVICES

7 SEC. 601. Part 3 of title V of the Social Security Act
8 is amended to read as follows:

9 “PART 3—CHILD-WELFARE SERVICES

10 “APPROPRIATION

11 “SEC. 521. For the purpose of enabling the United
12 States, through the Secretary, to cooperate with State public-
13 welfare agencies in establishing, extending, and strengthen-
14 ing public-welfare services (hereinafter in this title referred
15 to as ‘child-welfare services’) for the protection and care of
16 homeless, dependent, and neglected children, and children
17 in danger of becoming delinquent, there is hereby authorized
18 to be appropriated for each fiscal year, beginning with the
19 fiscal year ending June 30, 1959, the sum of \$17,000,000.

20 “ALLOTMENTS TO STATES

21 “SEC. 522. (a) The sums appropriated for each fiscal
22 year under section 521 shall be allotted by the Secretary
23 for use by cooperating State public-welfare agencies which
24 have plans developed jointly by the State agency and the
25 Secretary, as follows: He shall allot to each State such por-

tion of \$60,000 as the amount appropriated under section 521 for such year bears to the amount authorized to be so appropriated; and he shall allot to each State an amount which bears the same ratio to the remainder of the sums so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 524) bears to the sum of the corresponding products of all the States.

“(b) (1) If the amount allotted to a State under subsection (a) for any fiscal year is less than such State’s base allotment, it shall be increased to such base allotment, the total of the increases thereby required being derived by proportionately reducing the amount allotted under subsection (a) to each of the remaining States, but with such adjustments as may be necessary to prevent the allotment of any such remaining State under subsection (a) from being thereby reduced to less than its base allotment.

“(2) For purposes of paragraph (1) the base allotment of any State for any fiscal year means the amount which would be allotted to such State for such year under the provisions of section 521, as in effect prior to the enactment of the Social Security Amendments of 1958, as applied to an appropriation of \$12,000,000.

1 "PAYMENT TO STATES

2 "SEC. 523. (a) From the sums appropriated therefor
3 and the allotment available under ~~section 522~~ *this part*, the
4 Secretary shall from time to time pay to each State with a
5 plan for child-welfare services developed as provided in ~~such~~
6 ~~section 522~~ *this part* an amount equal to the Federal share
7 (as determined under section 524) of the total sum ex-
8 pended under such plan (including the cost of administration
9 of the plan) in meeting the costs of district, county, or other
10 local child-welfare services, in developing State services for
11 the encouragement and assistance of adequate methods of
12 community child-welfare organization, in paying the costs of
13 returning any runaway child who has not attained the age
14 of eighteen to his own community in another State, and of
15 maintaining such child until such return (for a period not
16 exceeding fifteen days), in cases in which such costs cannot
17 be met by the parents of such child or by any person, agency,
18 or institution legally responsible for the support of such child:
19 *Provided*, That in developing such services for children the
20 facilities and experience of voluntary agencies shall be utilized
21 in accordance with child-care programs and arrangements
22 in the States and local communities as may be authorized by
23 the State.

24 "(b) The method of computing and paying such amounts
25 shall be as follows:

1 “(1) The Secretary shall, prior to the beginning of each
2 period for which a payment is to be made, estimate the
3 amount to be paid to the State for such period under the
4 provisions of subsection (a).

5 “(2) From the allotment available therefor, the Secre
6 tary shall pay the amount so estimated, reduced or increased,
7 as the case may be, by any sum (not previously adjusted
8 under this section) by which he finds that his estimate of the
9 amount to be paid the State for any prior period under this
10 section was greater or less than the amount which should
11 have been paid thereunder to the State for such prior period.

12 “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

13 “SEC. 524. (a) The ‘allotment percentage’ for any
14 State shall be 100 per centum less the State percentage;
15 and the State percentage shall be that percentage which
16 bears the same ratio to 50 per centum as the per capita in-
17 come of such State bears to the per capita income of the con-
18 tinental United States (excluding Alaska); except that
19 (A) the allotment percentage shall in no case be less than
20 30 per centum or more than 70 per centum, and (B) the
21 allotment percentage shall be 50 per centum in the case of
22 Alaska and 70 per centum in the case of Puerto Rico, the
23 Virgin Islands, and Guam.

24 “(b) For the fiscal year ending June 30, 1960,
25 and each year thereafter, the ‘Federal share’ for any State

1 shall be 100 per centum less that percentage which bears
2 the same ratio to 50 per centum as the per capita income of
3 such State bears to the per capita income of the continental
4 United States (excluding Alaska), except that (1) in no
5 case shall the Federal share be less than $33\frac{1}{3}$ per centum
6 or more than $66\frac{2}{3}$ per centum, and (2) the Federal share
7 shall be 50 per centum in the case of Alaska and $66\frac{2}{3}$ per
8 centum in the case of Puerto Rico, the Virgin Islands, and
9 Guam. For the fiscal year ending June 30, 1959, the
10 Federal share shall be determined pursuant to the provisions
11 of section 521 as in effect prior to the enactment of the
12 Social Security Amendments of 1958.

13 “(c) The Federal share and the allotment percentage
14 for each State shall be promulgated by the Secretary between
15 July 1 and August 31 of each even-numbered year, on the
16 basis of the average per capita income of each State and of
17 the continental United States (excluding Alaska) for the
18 three most recent calendar years for which satisfactory data
19 are available from the Department of Commerce. Such
20 promulgation shall be conclusive for each of the two fiscal
21 years in the period beginning July 1 next succeeding such
22 promulgation: *Provided*, That the Secretary shall promul-
23 gate such Federal shares and allotment percentages as soon
24 as possible after the enactment of the Social Security Amend-

1 ments of 1958, which promulgation shall be conclusive for
2 each of the 3 fiscal years in the period ending June 30, 1961.

3 "REALLOTMENT

4 "SEC. 525. The amount of any allotment to a State
5 under section 522 for any fiscal year which the State certifies
6 to the Secretary will not be required for carrying out the
7 State plan developed as provided in such section shall be
8 available for reallootment from time to time, on such dates as
9 the Secretary may fix, to other States which the Secretary
10 determines (1) have need in carrying out their State plans
11 so developed for sums in excess of those previously allotted
12 to them under that section and (2) will be able to use such
13 excess amounts during such fiscal year. Such reallootments
14 shall be made on the basis of the State plans so developed,
15 after taking into consideration the population under the age
16 of twenty-one, and the per capita income of each such
17 State as compared with the population under the age of
18 twenty-one, and the per capita income of all such States
19 with respect to which such a determination by the Secretary
20 has been made. Any amount so reallooted to a State shall
21 be deemed part of its allotment under section 522."

22 MATERNAL AND CHILD HEALTH

23 SEC. 602. (a) Section 501 of such Act is amended by
24 striking out "for the fiscal year ending June 30, 1951, the

1 sum of \$15,000,000, and for each fiscal year beginning after
2 June 30, 1951, the sum of \$16,500,000” and inserting in
3 lieu thereof “for each fiscal year beginning after June 30,
4 1958, the sum of \$21,500,000”.

5 (b) Section 502 (a) (2) of such Act is amended by
6 striking out “for each fiscal year beginning after June 30,
7 1951, the *Federal Security* Administrator shall allot \$8,250,-
8 000 as follows: He shall allot to each State \$60,000 and shall
9 allot to each State such part of the remainder of the \$8,250,-
10 000” and inserting in lieu thereof “for each fiscal year begin-
11 ning after June 30, 1958, the Secretary shall allot \$10,750,-
12 000 as follows: He shall allot to each State \$60,000 (even
13 though the amount appropriated for such year is less than
14 \$21,500,000), and shall allot each State such part of the
15 remainder of the \$10,750,000”.

16 (c) Section 502 (b) of such Act is amended by
17 striking out “the fiscal year ending June 30, 1951, the
18 sum of \$7,500,000, and for each fiscal year beginning after
19 June 30, 1951, the sum of \$8,250,000” and inserting in
20 lieu thereof “each fiscal year beginning after June 30, 1958,
21 the sum of \$10,750,000”.

22 CRIPPLED CHILDREN’S SERVICES

23 SEC. 603. (a) Section 511 of such Act is amended by
24 striking out “for the fiscal year ending June 30, 1951, the
25 sum of \$12,000,000, and for each fiscal year beginning

1 after June 30, 1951, the sum of \$15,000,000” and inserting
2 in lieu thereof “for each fiscal year beginning after June 30,
3 1958, the sum of \$20,000,000”.

4 (b) Section 512 (a) (2) of such Act is amended by
5 striking out “for each fiscal year beginning after June 30,
6 1951, the *Federal Security* Administrator shall allot \$7,500,-
7 000 as follows: He shall allot to each State \$60,000, and shall
8 allot the remainder of the \$7,500,000” and inserting in lieu
9 thereof “for each fiscal year beginning after June 30, 1958,
10 the Secretary shall allot \$10,000,000 as follows: He shall
11 allot to each State \$60,000 (even though the amount appro-
12 priated for such year is less than \$20,000,000) and shall allot
13 the remainder of the \$10,000,000”.

14 (c) Section 512 (b) of such Act is amended by strik-
15 ing out “the fiscal year ending June 30, 1951, the sum of
16 \$6,000,000, and for each fiscal year beginning after June
17 30, 1951, the sum of \$7,500,000” and inserting in lieu
18 thereof “each fiscal year beginning after June 30, 1958, the
19 sum of \$10,000,000”.

20 TITLE VII—MISCELLANEOUS PROVISIONS

21 FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH, 22 EDUCATION, AND WELFARE

23 SEC. 701. Section 1106 (b) of the Social Security Act
24 is amended to read as follows:

25 “(b) Requests for information, disclosure of which is

1 authorized by regulations prescribed pursuant to subsection
 2 (a) of this section, and requests for services, may, subject
 3 to such limitations as may be prescribed by the Secretary to
 4 avoid undue interference with his functions under this Act,
 5 be complied with if the agency, person, or organization
 6 making the request agrees to pay for the information or serv-
 7 ices requested in such amount, if any (not exceeding the cost
 8 of furnishing the information or services), as may be deter-
 9 mined by the Secretary. Payments for information or serv-
 10 ices furnished pursuant to this section shall be made in ad-
 11 vance or by way of reimbursement, as may be requested by
 12 the Secretary, and shall be deposited in the Treasury as a
 13 special deposit to be used to reimburse the appropriations
 14 (including authorizations to make expenditures from the
 15 Federal Old-Age and Survivors Insurance Trust Fund and
 16 the Federal Disability Insurance Trust Fund) for the unit
 17 or units of the Department of Health, Education, and Wel-
 18 fare which furnished the information or services.”

19 ~~COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXEMPT~~
 20 ~~ORGANIZATIONS WHICH PAID TAX~~

21 ~~SEC. 702. (a) Section 403 (a) (1) of the Social~~
 22 ~~Security Amendments of 1954 is amended by striking out~~
 23 ~~“has failed to file prior to the enactment of the Social Security~~
 24 ~~Amendments of 1956” and inserting in lieu thereof “did~~

1 not have in effect, during the entire period in which the
2 individual was so employed.”

3 ~~(b)~~ Section 403 ~~(a)~~ ~~(3)~~ of the Social Security
4 Amendments of 1954 is amended by inserting “performed
5 during the period in which such organization did not have
6 a valid waiver certificate” after “service”.

7 ~~(c)~~ Section 403 ~~(a)~~ ~~(5)~~ of the Social Security
8 Amendments of 1954 is amended by inserting “without
9 knowledge that a waiver certificate was necessary, or” after
10 “in good faith and”.

11 MEANING OF TERM “SECRETARY”

12 SEC. ~~703~~ 702. As used in the provisions of the Social
13 Security Act amended by this Act, the terms “Secretary”,
14 unless the context otherwise requires, means the Secretary of
15 Health, Education, and Welfare.

16 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL- 17 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND 18 DISABILITY INSURANCE

19 SEC. ~~704~~ 703. Section 1 (q) of the Railroad Retirement
20 Act of 1937, as amended, is amended by striking out “1957”
21 and inserting in lieu thereof “1958”.

22 ADVISORY COUNCIL ON PUBLIC ASSISTANCE

23 SEC. 704. (a) *There is hereby established an Advisory*
24 *Council on Public Assistance for the purpose of reviewing*

1 *the status of the public assistance program in relation to the*
2 *old-age, survivors, and disability insurance program, the*
3 *fiscal capacities of the States and the Federal Government, and*
4 *any other factors bearing on the amount and proportion of*
5 *the Federal and States shares in the public assistance*
6 *program.*

7 *(b) The Council shall be appointed by the Secretary*
8 *before January 1959 without regard to the civil-service laws*
9 *and shall consist of the Commissioner of Social Security, as*
10 *chairman, and of twelve other persons who shall, to the extent*
11 *possible, represent employers and employees in equal numbers,*
12 *persons concerned with the administration or financing of the*
13 *State and Federal programs, other persons with special*
14 *knowledge, experience, or qualifications with respect to the*
15 *program, and the public.*

16 *(c) (1) The Council is authorized to engage such techni-*
17 *cal assistance, as may be required to carry out its functions,*
18 *and the Secretary shall, in addition, make available to the*
19 *Council such secretarial, clerical, and other assistance and*
20 *such other pertinent data prepared by the Department of*
21 *Health, Education, and Welfare as it may require to carry*
22 *out such functions.*

23 *(2) Members of the Council, while serving on business*
24 *of the Council (inclusive of travel time), shall receive com-*
25 *pensation at rates fixed by the Secretary, but not exceeding*

1 \$50 per day; and shall be entitled to receive actual and neces-
2 sary traveling expenses and per diem in lieu of subsistence
3 while so serving away from their places of residence.

4 (d) The Council shall make a report of its findings and
5 recommendations (including recommendations for changes in
6 the provisions of sections 3, 403, 1003, and 1403 of the Social
7 Security Act) to the Secretary and the Congress, such report
8 to be submitted not later than January 1, 1960, after which
9 date such Council shall cease to exist.

Passed the House of Representatives July 31, 1958.

Attest:

RALPH R. ROBERTS,
Clerk.

85TH CONGRESS
2d Session

H. R. 13549

[Report No. 2388]

AN ACT

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

AUGUST 1, 1958

Read twice and referred to the Committee on Finance

AUGUST 14, 1958

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 18, 1958
For actions of Aug. 15 and 16, 1958
85th-2d, Nos. 141
and 142

CONTENTS

Adjournment.....	31,41	Forestry..	7,16,34,40,44,61	Pesticides.....	45
Appropriation.....	1,40,56	Housing.....	28,30	Prices.....	58
Area redevelopment.....	12	Imports.....	62	Property.....	29
Budgeting.....	48	Information.....	59	Public Law 480.....	40
Butter.....	20	Land entries.....	65	Purchasing.....	27
Cheese.....	20	Land utilization.....	7	Reclamation.....	9,25
Crop insurance.....	15	Leases.....	29	Research.....	17,30,42
Dairy exports.....	3	Legislative program..	30,40	River basins.....	8
Debt limit.....	6,40,51	Livestock.....	40,47	Saline water.....	55
Disaster loans.....	14	Lobbying.....	39	School lunch.....	30
Education.....	24,30	Meatpacking.....	43	Small business.....	27,53
Electrification...37,46,49		Military construction..	18	Social security.....	11,35
Emergency Conservation...1		Minerals.....	23,30	Surplus commodities....	33
Employment.....	52	Nominations.....	38	Surplus property.....	57
Farm program....2,22,32,42		Oleomargarine.....	40	Taxes.....	10,19
Food additives.....	5	Onion futures.....	13	Textiles.....	36
Food stamp.....	30	Palm oil.....	19	Water resources...21,54,66	
Foreign trade.....	33,50,64	Personnel.....	1,26,60,63	Watershed projects....	4,40

HIGHLIGHTS: Senate passed supplemental appropriation bill. Senate conferees were appointed on farm bill. House passed area redevelopment bill. House agreed to conference report on bill prohibiting onion futures trading. House committee reported bill to require State contributions to disaster relief. Senate committee rejected dairy export bill. Senate committee reported debt-limit increase bill.

SENATE - August 15

1. SUPPLEMENTAL APPROPRIATION BILL, 1959. Passed with amendments this bill, H. R. 13450. pp. 16305-11, 16431-54, 16457-73 (See Digest 140 for USDA items.)
Agreed to an amendment by Sen. Neuberger (for himself and others) to add an item of \$100,000, to remain available until expended, for the Outdoor Recreation Review Commission. pp. 16442-3
Sen. Cooper inserted his statement favoring the emergency conservation measures program. pp. 16469-60
Sen. Mundt inserted the committee's statement on reduction of personnel, and he and Sen. Dworshak commended the statement. pp. 16470-3
2. FARM PROGRAM. Sens. Ellender, Johnston, Eastland, Humphrey, Aiken, Young, and Thye were appointed conferees on S. 4071, the farm bill. The text of the bill, as passed by the House, was printed in the Record. pp. 16314-17
3. DAIRY EXPORTS. The Agriculture and Forestry Committee voted to disapprove S. 4013, to provide for an export program for dairy products. p. D857
4. WATERSHED PROJECTS. The Agriculture and Forestry Committee approved the following watershed projects: Busseron Creek, Ind.; Crooked Creek, Iowa; and Furnace Brook-Middle River, Conn. and Mass. p. D857
5. FOOD ADDITIVES. The Labor and Public Welfare Committee ordered reported with amendments H. R. 13254, to regulate food additives. p. D857
6. DEBT LIMIT. The Finance Committee reported with amendments H. R. 13580, to increase the debt limit. As reported, the bill would (1) set the permanent limit at \$283 billion and (2) set the temporary limit at \$288 billion until June 30, 1959, at which time it would revert to the permanent limit. (S. Rept. 2389) p. 16263
Sen. Symington recommended that the Treasury announce its long-term borrowing programs and that public needs have a higher priority than economy in expenditures. p. 16281
7. FORESTRY; LAND UTILIZATION. The Agriculture and Forestry Committee reported without amendment H. R. 8481, to extend title IV of the Agricultural Act of 1956, relating to forestry, to Hawaii (S. Rept. 2415), and H. R. 12494, to authorize this Department, in selling or agreeing to the sale of lands to N. C., to permit the State to sell or exchange such lands for private purposes (S. Rept. 2416). pp. 16263-4
8. RIVER BASINS. Passed without amendment S. 4266, to establish the U. S. Study Commission on the Neches, Trinity, Brazos, Colorado, Guadalupe-San Antonio, Nueces, and San Jacinto River Basins and intervening areas. pp. 16284-6, 16262
Passed as reported S. 4192, to authorize modification of the comprehensive plan of improvement for the Trinity River basin, Tex. pp. 16286-7
9. RECLAMATION. Passed as reported S. 3648, to authorize construction and operation of the Navaho Indian irrigation project. pp. 16287-91
Passed as reported S. 1887, to authorize construction of the San Luis Unit of the Central Valley project, Calif. pp. 16291-303
10. TAXES. Agreed to the conference reports on H. R. 7125 and H. R. 8381, to make technical changes in the tax laws. The House agreed to the report on H. R. 8381. These bills will now be sent to the President. pp. 16322, 16311-3
11. SOCIAL SECURITY. Began debate on H. R. 13549, to increase the benefits under the Social Security Act. pp. 16473-83

"So if the Senate as a whole is to be used as a king-sized appropriations committee, the device tried twice by the junior Senator from Ohio will obtain results. And certain it is that such results should be and must be obtained, because in the Nation there is a growing sentiment in favor of economy, and I expect that sentiment to be made more articulate in the days between now and the coming January and February.

Mr. CURTIS. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. CURTIS. The Senator from South Dakota and his associates are entitled to much commendation for placing in the RECORD the part of the committee report, on page 3, which deals with Government personnel.

However shocking it may be to find that the Federal civilian personnel increase of 32,832 for the month of June was a greater increase than that in any other month since 1952, we should realize that that figure does not fully show the trend, for that employment figure is based on the appropriations made at least a year prior thereto, and possibly before that, and also is based upon authorizations made many years ago.

The authorizations voted at this session and the increased appropriations which have been made this year will accentuate very very greatly that increase in the number of Federal civilian personnel, and thus will make the problem even more acute and even more dangerous than it is at the present time.

Mr. MUNDT. That is correct.

Mr. President, the information the Senator from Nebraska has given us should make all of us more serious minded.

But, Mr. President, it was my thought that before the adjournment of this session of Congress and before the Senate takes final action on what I hope will be the last supplemental appropriation bill to be considered at this session, a little frank discussion and letting down

of the hair and baring of the soul would be good for all of us.

I do not know who or what has been responsible for the condition which now confronts us. Perhaps it is due to the trend of the times. Perhaps it was that Russian sputnik.

However, Mr. President, the growing demand for greater economy is most encouraging. Perhaps it comes in the backwash of the sputnik development in the field in which our developments have made us so strong militarily as to make our Nation absolutely invincible in the field of warfare, in my opinion. Even though our attempts to achieve absolute superiority in that field have been successful as was intended, nevertheless, if those developments have helped lead to the present pressures for reckless spending and padded payrolls, there will have been new perils created to take the place of those against which we have provided adequate protection.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 13450) was passed.

Mr. HAYDEN. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HAYDEN, Mr. RUSSELL, Mr. CHAVEZ, Mr. ELLENDER, Mr. HILL, Mr. ANDERSON, Mr. BRIDGES, Mr. SALTONSTALL, Mr. YOUNG, and Mr. KNOWLAND the conferees on the part of the Senate.

ORDER FOR CONVENING AT 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate convenes tomorrow, it convene at 10 o'clock a. m.

The PRESIDING OFFICER (Mr. MORSE in the chair). Without objection, it is ordered.

SOCIAL SECURITY AMENDMENTS OF 1958

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar 2453, House bill 13549, to increase benefits under the Federal old-age, survivors, and disability insurance system—the so-called social security benefit increase bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that two of the technicians of the Social Security Administration be granted the privilege of the floor during the consideration of this bill—namely, Robert J. Meyers, Chief Actuary of the Social Security Administration; and Charles E. Hawkins, legislative liaison officer of the Social Security Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, I asked unanimous consent that the committee amendments be agreed to en bloc; and that the bill, as thus amended, be considered as original text, for the purpose of amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 3, after line 3, to strike out:

"Table for determining primary insurance amount and maximum family benefits"

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)		V (Maximum family benefits)		I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)		V (Maximum family benefits)	
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—		And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—		If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—		And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—					At least—	But not more than—	At least—	But not more than—	At least—	But not more than—				
	\$10.00		\$30.00		\$54	\$33	\$53.00			"\$35.81	\$36.40	\$75.30	\$76.10	\$184	\$188	\$81	\$148.80		
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00			36.41	37.08	76.20	77.10	189	193	82	152.80		
10.49	11.00	31.10	32.00	57	58	35	55.00			37.09	37.60	77.20	78.00	194	197	83	156.40		
11.01	11.48	32.10	33.00	59	60	36	56.00			37.61	38.20	78.10	78.90	198	202	84	160.00		
11.49	12.00	33.10	34.00	61	61	37	57.00			38.21	39.12	79.00	79.90	203	207	85	164.00		
12.01	12.48	34.10	35.00	62	63	38	58.00			39.13	39.68	80.00	80.80	208	211	86	167.60		
12.49	13.00	35.10	36.00	64	65	39	59.00			39.69	40.33	80.90	81.70	212	216	87	171.20		
13.01	13.48	36.10	37.00	66	67	40	60.00			40.34	41.12	81.80	82.70	217	221	88	175.20		
13.49	14.00	37.10	38.00	68	69	41	61.50			41.13	41.76	82.80	83.60	222	225	89	178.80		
14.01	14.48	38.10	39.00	70	70	42	63.00			41.77	42.44	83.70	84.50	226	230	90	182.40		
14.49	15.00	39.10	40.00	71	72	43	64.50			42.45	43.20	84.60	85.50	231	235	91	186.40		
15.01	15.60	40.10	41.00	73	74	44	66.00			43.21	43.76	85.60	86.40	236	239	92	190.00		
15.61	16.20	41.10	42.00	75	76	45	67.50			43.77	44.44	86.50	87.30	240	244	93	193.60		
16.21	16.84	42.10	43.00	77	78	46	69.00			44.45	44.88	87.40	88.30	245	249	94	197.60		
16.85	17.60	43.10	44.00	79	80	47	70.50			44.89	45.60	88.40	89.20	250	253	95	201.20		
17.61	18.40	44.10	45.00	81	81	48	72.00					89.30	90.10	254	258	96	204.80		
18.41	19.24	45.10	46.00	82	83	49	73.50					90.20	91.10	259	263	97	208.80		
19.25	20.00	46.10	47.00	84	85	50	75.00					91.20	92.00	264	267	98	212.40		
20.01	20.64	47.10	48.00	86	87	51	76.50					92.10	92.90	268	272	99	216.00		
20.65	21.28	48.10	49.00	88	89	52	78.00					93.00	93.90	273	277	100	220.00		
21.29	21.88	49.10	50.00	90	90	53	79.50					94.00	94.80	278	281	101	223.60		
21.89	22.28	50.10	50.90	91	92	54	81.00					94.90	95.80	282	286	102	227.20		
22.29	22.68	51.00	51.80	93	94	55	82.50					95.90	96.70	287	291	103	231.20		
22.69	23.08	51.90	52.80	95	96	56	84.00					96.80	97.60	292	295	104	234.80		
23.09	23.44	52.90	53.70	97	97	57	85.50					97.70	98.60	296	300	105	238.40		
23.45	23.76	53.80	54.60	98	99	58	87.00					98.70	99.50	301	305	106	242.40		
23.77	24.20	54.70	55.60	100	101	59	88.50					99.60	100.40	306	309	107	246.00		
24.21	24.60	55.70	56.50	102	102	60	90.00					100.50	101.40	310	314	108	249.60		
24.61	25.00	56.60	57.40	103	104	61	91.50					101.50	102.30	315	319	109	253.60		
25.01	25.48	57.50	58.40	105	106	62	93.00					102.40	103.20	320	323	110	257.60		
25.49	25.92	58.50	59.30	107	107	63	94.50					103.30	104.20	324	328	111	261.60		
25.93	26.40	59.40	60.20	108	109	64	96.00					104.30	105.10	329	333	112	265.60		
26.41	26.94	60.30	61.20	110	113	65	97.50					105.20	106.00	334	337	113	269.60		
26.95	27.46	61.30	62.10	114	118	66	99.00					106.10	107.00	338	342	114	273.60		
27.47	28.00	62.20	63.00	119	122	67	100.50					107.10	107.90	343	347	115	277.60		
28.01	28.68	63.10	64.00	123	127	68	102.00					108.00	108.50	348	351	116	281.60		
28.69	29.25	64.10	64.90	128	132	69	104.00							352	356	117	285.60		
29.26	29.68	65.00	65.80	133	136	70	107.60							357	361	118	289.60		
29.69	30.36	65.90	66.80	137	141	71	111.20							362	365	119	293.60		
30.37	30.92	66.90	67.70	142	146	72	115.20							366	370	120	297.60		
30.93	31.52	67.80	68.70	147	151	73	119.20							371	375	121	301.60		
31.53	32.00	68.80	69.60	152	155	74	122.80							376	379	122	305.60		
32.01	32.60	69.70	70.50	156	160	75	126.40							380	384	123	309.60		
32.61	33.40	70.60	71.50	161	165	76	130.40							385	389	124	313.60		
33.41	33.88	71.60	72.40	166	169	77	134.00							390	393	125	317.60		
33.89	34.50	72.50	73.30	170	174	78	137.60							394	398	126	321.60		
34.51	35.20	73.40	74.30	175	179	79	141.60							399	400	127	325.60		
35.21	35.80	74.40	75.20	180	183	80	145.20												

And in lieu thereof, to insert:

"Table for determining primary insurance amount and maximum family benefits

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)	I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as deter- mined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	If an individual's primary insurance benefit (as deter- mined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—			At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10.00		\$30.00		\$54	\$33	\$53.00	\$35.81	\$36.40	\$75.30	\$76.10	\$184	\$188	\$81	\$150.40
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00	36.41	37.08	76.20	77.10	189	193	82	154.40
10.49	11.00	31.10	32.00	57	58	35	55.00	37.09	37.60	77.20	78.00	194	197	83	157.60
11.01	11.48	32.10	33.00	59	60	36	56.00	37.61	38.20	78.10	78.90	198	202	84	161.60
11.49	12.00	33.10	34.00	61	61	37	57.00	38.21	39.12	79.00	79.90	203	207	85	165.60
12.01	12.48	34.10	35.00	62	63	38	58.00	39.13	39.68	80.00	80.80	208	211	86	168.80
12.49	13.00	35.10	36.00	64	65	39	59.00	39.69	40.33	80.90	81.70	212	216	87	172.80
13.01	13.48	36.10	37.00	66	67	40	60.00	40.34	41.12	81.80	82.70	217	221	88	176.80
13.49	14.00	37.10	38.00	68	69	41	61.50	41.13	41.76	82.80	83.60	222	225	89	180.00
14.01	14.48	38.10	39.00	70	70	42	63.00	41.77	42.44	83.70	84.50	226	230	90	184.00
14.49	15.00	39.10	40.00	71	72	43	64.50	42.45	43.20	84.60	85.50	231	235	91	188.00
15.01	15.48	40.10	41.00	73	74	44	66.00	43.21	43.76	85.60	86.40	236	239	92	191.20
15.49	16.00	41.10	42.00	75	76	45	67.50	43.77	44.44	86.50	87.30	240	244	93	195.20
16.01	16.48	42.10	43.00	77	78	46	69.00	44.45	44.88	87.40	88.30	245	249	94	199.20
16.49	17.00	43.10	44.00	79	80	47	70.50	44.89	45.60	88.40	89.20	250	253	95	202.40
17.01	17.48	44.10	45.00	81	81	48	72.00			89.30	90.10	254	258	96	206.40
17.49	18.00	45.10	46.00	82	83	49	73.50			90.20	91.10	259	263	97	210.40
18.01	18.48	46.10	47.00	84	85	50	75.00			91.20	92.00	264	267	98	213.60
18.49	19.00	47.10	48.00	86	87	51	76.50			92.10	92.90	268	272	99	217.60
19.01	19.48	48.10	49.00	88	89	52	78.00			93.00	93.90	273	277	100	221.60
19.49	20.00	49.10	50.00	90	90	53	79.50			94.00	94.80	278	281	101	224.80
20.01	20.48	50.10	51.00	91	92	54	81.00			94.90	95.80	282	286	102	228.80
20.49	21.00	51.10	52.00	93	94	55	82.50			95.90	96.70	287	291	103	232.80
21.01	21.48	52.10	53.00	95	96	56	84.00			96.80	97.60	292	295	104	236.00
21.49	22.00	53.10	54.00	97	97	57	85.50			97.70	98.60	296	300	105	240.00
22.01	22.48	54.10	55.00	98	99	58	87.00			98.70	99.50	301	305	106	244.00
22.49	23.00	55.10	56.00	100	101	59	88.50			99.60	100.40	306	309	107	247.20
23.01	23.48	56.10	57.00	102	102	60	90.00			100.50	101.40	310	314	108	251.20
23.49	24.00	57.10	58.00	103	104	61	91.50			101.50	102.30	315	319	109	254.00
24.01	24.48	58.10	59.00	105	106	62	93.00			102.40	103.20	320	323	110	254.00
24.49	25.00	59.10	60.00	107	107	63	94.50			103.30	104.20	324	328	111	254.00
25.01	25.48	60.10	61.00	108	109	64	96.00			104.30	105.10	329	333	112	254.00
25.49	26.00	61.10	62.00	110	113	65	97.50			105.20	106.00	334	337	113	254.00
26.01	26.48	62.10	63.00	114	118	66	99.00			106.10	107.00	338	342	114	254.00
26.49	27.00	63.10	64.00	119	122	67	100.50			107.10	107.90	343	347	115	254.00
27.01	27.48	64.10	65.00	123	127	68	102.00			108.00	108.50	348	351	116	254.00
27.49	28.00	65.10	66.00	128	132	69	103.50					352	356	117	254.00
28.01	28.48	66.10	67.00	133	136	70	105.00					357	361	118	254.00
28.49	29.00	67.10	68.00	137	141	71	106.50					362	365	119	254.00
29.01	29.48	68.10	69.00	142	146	72	108.00					366	370	120	254.00
29.49	30.00	69.10	70.00	147	150	73	109.50					371	375	121	254.00
30.01	30.48	70.10	71.00	151	155	74	111.00					376	379	122	254.00
30.49	31.00	71.10	72.00	156	160	75	112.50					380	384	123	254.00
31.01	31.48	72.10	73.00	161	164	76	114.00					385	389	124	254.00
31.49	32.00	73.10	74.00	165	169	77	115.50					390	393	125	254.00
32.01	32.48	74.10	75.00	170	174	78	117.00					394	398	126	254.00
32.49	33.00	75.10	76.00	175	178	79	118.50					399	400	127	254.00
33.01	33.48	76.10	77.00	180	183	80	120.00								
33.49	34.00	77.10	78.00				121.50								
34.01	34.48	78.10	79.00				123.00								
34.49	35.00	79.10	80.00				124.50								
35.01	35.48	80.10	81.00				126.00								

On page 6, line 2, after "(b)" to insert "(1)"; on page 7, line 8, after the word "after", to strike out "the second month following the month in which the Social Security Amendments of 1958 are enacted" and insert "December 1958"; in line 11, after the word "such" to strike out "second"; in line 15, after the word "such", to strike out "second"; in line 19, after the word "such", to strike out "second"; in line 22, after "(f)", to strike out "(4)."

"(E) who files an application for a recomputation under subparagraph (B) of section 102 (f) (2) of the Social Security Amendments of 1954 after such month and is (or would, but for the fact that such recomputation would not result in a higher primary insurance amount for such individual, be) entitled to have his primary insurance amount recomputed under such subparagraph."

On page 8, line 20, after the word "individual", to strike out "who"; in line 21, after "(A)", to insert "who"; in line

22, after "section 223", to strike out "prior to the third month following the month in which the Social Security Amendments of 1958 were enacted, or," and insert "or died prior to January 1959; and; on page 9, line 1, after "(B)", to strike out "died prior to such third month" and insert "to whom the provisions of paragraph (5) of subsection (b) are not applicable."; on page 12, line 1, after "(1)" to insert "and section 223 (b)"; in line 3, after the word "for" to strike out "the second month following the month in which the Social Security Amendments of 1958 were enacted" and insert "December 1958"; in line 25, after "(1)", to insert "and section 223 (b)"; on page 13, line 4, after the word "to" to strike out "the third month following the month in which the Social Security Amendments of 1958 were enacted" and insert "January 1959"; in line 7, after the word "continued"; to strike out "uninterruptedly"; in line 22, after the word "the", to strike out "smallest" and insert "smaller"; on page 14, line 10, after the word "after", to strike out "the second

month following the month in which this act is enacted" and insert "December 1958"; in line 19, after the word "for", to strike out "the second month after the month in which this act is enacted" and insert "December 1958"; in line 22, after the word "in" where it occurs the first time, to strike out "the third month after the month in which this act is enacted" and insert "January 1959"; on page 15, after line 6, to strike out:

"(i) With respect to monthly benefits under title II of the Social Security Act payable pursuant to section 202 (j) (1) of such act for any month prior to the third month following the month of enactment of this act, the primary insurance amount of the individual on the basis of whose wages and self-employment income such monthly benefits are payable shall be determined as though this act had not been enacted; such primary insurance amount shall be such individual's primary insurance amount for purposes of section 215 of such act for months after the second month following the month in which this act is enacted if it is larger than the

primary insurance amount determined under section 215 of the Social Security Act as amended by this act, and shall be rounded to the next higher dollar if it is not a multiple of a dollar."

And in lieu thereof to insert:

"(i) In the case of any individual to whom the provisions of subsection (b) (5) of section 215 of the Social Security Act, as amended by this act, are applicable and on the basis of those wages and self-employment income benefits are payable for months prior to January 1959, his primary insurance amount for purposes of benefits for such prior months shall, if based on an application for such benefits or for a recomputation of such amount, as the case may be, filed after December 1958, be determined under such section 215, as in effect prior to the enactment of this act, and, if such individual's primary insurance amount as so determined is larger than the primary insurance amount determined for him under section 215 as amended by this act, such larger primary insurance amount (increased to the next higher dollar if it is not a multiple of a dollar) shall, for months after December 1958, be his primary insurance amount for purposes of such section 215 (and of the other provisions) of the Social Security Act as amended by this act in lieu of the amount determined without regard to this subsection."

On page 20, line 23, after the word "continues", to strike out "without interruption"; on page 22, line 6, after the word "of", to strike out "coverage," and insert "coverage; except that the provisions of subparagraph (A) of this paragraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such subparagraph, begin prior to 1951."

On page 23, line 8, after the word "husband", to strike out "ceases, prior to the month in which he attains retirement age, to be entitled to disability insurance benefits" and insert "is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits."

On page 24, line 17, after the word "wife," to strike out "ceases, prior to the month in which she becomes entitled to old-age insurance benefits, to be entitled to disability insurance benefits" and insert "is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits"; on page 26, at the beginning of line 14, to strike out "month in which such individual ceases to be entitled to such benefits unless such individual is, for the month in which he ceases to be so entitled" and insert "first month for which such individual is not entitled to such benefits unless such individual is, for such later month"; on page 30, line 6, after the word "under", to strike out "paragraph (1) or (2) of section 203 (b), under section 203 (c), or under section 222 (b), and"; after line 7, to strike out:

"(4) Such paragraph is further amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ', and ', by striking out '(A), (B), and (C)' in the material following subparagraph (C) and inserting in lieu thereof '(A), (B), (C), and (D)', and by adding after subparagraph (C) the following new subparagraph."

At the beginning of line 14, to strike out "(D) the number equal to the number of months for which such wife's insurance" and insert "section 203 (b) (1) or (2) under section 203 (c), or under section 222 (b),."

After line 16, to insert:

"(4) Such paragraph is further amended by striking out '(A), (B), and (C)' in the material following subparagraph (C) and inserting in lieu thereof '(A), (B), (C), and (D)', by redesignating subparagraph (C) as subparagraph (D), by inserting 'and' at the end of subparagraph (B) and by adding

after such subparagraph (B) the following new subparagraph."

After line 23, to insert:

"(C) the number equal to the number of months for which such: on page 31, line 8, after the word 'inserting', to insert 'a comma and'; in line 9, after the word 'insurance', to strike out 'benefits' and insert 'benefits'; on page 32, line 2, after the word 'by', to strike out 'inserting "or disability"' immediately after 'old age' and insert "striking out 'or' immediately preceding '(3)' and by inserting 'or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits," immediately after 'section,'"; in line 18, after the word "insurance", to strike out "benefit" and insert "benefit,"; in line 20, after the word "insurance", to strike out "benefits" and insert "benefits,"; in line 21, after the word "is", to strike out "entitled" and insert "entitled,"; on page 33, line 9, after the word "section", to strike out "202" and insert "202,"; on page 34, line 18, after the word "by", to strike out "subsection (k)" and insert "subsections (k) and (m)"; at the beginning of line 24, to strike out "subsection (k)" and insert "subsections (k) and (m)"; on page 42, at the beginning of line 13, to strike out "is not his widow as defined in section 216 (c)" and insert "is not, and upon filing application therefor in the month in which he died would not be, entitled to benefits for such month on the basis of his wages and self-employment income,"; on page 47, line 5, after the word "his", to strike out "death" and insert "death,"; on page 49, line 7, after the word "his", to strike out "death" and insert "death,"; on page 50, line 16, after the word "is", to strike out "entitled" and insert "entitled,"; on page 51, line 17, after the word "is", to strike out "entitled" and insert "entitled,"; at the beginning of line 19, to insert "such"; on page 52, line 19, after the word "under", to strike out "section 202 (d) of the Social Security Act for months in any taxable year, of the individual on the basis of whose wages and self-employment income such benefits are payable" and insert "subsection (d) or (g) of section 202 of the Social Security Act for months in any taxable year, of the individual to whom the person entitled to such benefits is married,"; on page 54, line 19, after the word "suspended", to strike out "for all such months of such year"; at the top of page 58, to strike out:

"SICK LEAVE PAY OF STATE AND LOCAL EMPLOYEES"

"SEC. 311. (a) Subsection (i) of section 209 of the Social Security Act is amended by inserting immediately before the semicolon a period and the following: 'As used in this subsection, the term 'sick pay' includes remuneration for service in the employ of a State or a political subdivision (as defined in section 218 (b) (2) of a State, or an instrumentality of two or more States, paid to an employee thereof for a period during which he was absent from work because of sickness.'

"(b) The amendment made by subsection (a) shall be applicable to remuneration paid after the enactment of this act, except that, in the case of any coverage group which is included under the agreement of a State under section 218 of the Social Security Act, the amendment made by subsection (a) shall also be applicable to remuneration for any member of such coverage group with respect to services performed after the effective date, specified in such agreement, for such coverage group, if such State has paid or agrees, prior to January 1, 1959, to pay, prior to such date, the amounts which under section 218 (e) would have been payable with respect to remuneration of all members of such coverage group had the amendment

made by subsection (a) been in effect on and after January 1, 1951. Failure by a State to make such payments prior to January 1, 1959, shall be treated the same as failure to make payments when due under section 218 (e)."

On page 59, at the beginning of line 5, to change the section number from "312" to "311"; at the beginning of line 18, to change the section number from "313" to "312"; on page 60, at the beginning of line 23, to change the section number from "314" to "313"; on page 62, at the beginning of line 7, to change the section number from "315" to "314"; in line 9, after the word "section", where it appears the first time, to strike out "and section 215 (d)"; on page 63, at the beginning of line 15, to insert "(f) or"; on page 66, at the beginning of line 11, to change the section number from "316" to "315"; on page 67, line 12, after the name "Tennessee", to insert "Vermont"; in line 15, after the word "this", to strike out "subparagraph" and insert "subparagraph,"; on page 68, line 13, after the word "paragraph", to strike out "(8)" and insert "(8)"; on page 70, line 15, after the numeral "(6)", to insert "or the corresponding provision of prior laws"; in line 22, after the numeral "(6)", to insert "or the corresponding provision of prior law"; on page 73, after line 13, to strike out:

"POLICEMEN AND FIREMEN OF INTERSTATE INSTRUMENTALITIES"

"SEC. 317. Subsection (k) of section 218 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) Any agreement with any instrumentality of 2 or more States entered into pursuant to this act may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), apply to service performed by employees of such instrumentality in any policeman's or fireman's position covered by a retirement system, but only upon compliance, to the extent practicable, with the requirements of subsection (d) (3). For the purpose of the preceding sentence, a retirement system which covers positions of policemen or firemen, or both, and other positions shall, if the instrumentality concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be."

On page 79, at the beginning of line 22, to insert "exceed \$4,800, the employee shall be entitled (subject to the"; on page 90, line 20, after the word "Act", to insert "and requests filed under subparagraph (F) of such section after such date"; on page 91, line 18, after the word "commencing", to strike out "October 1, 1958" and insert "January 1, 1959"; on page 92, line 7, after the word "this", to strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection"; in line 17, after the letter "(A)", to strike out "but"; in line 19, after the word "of", to strike out "\$66" and insert "\$65"; on page 93, line 3, after the word "exceeds", to strike out "\$36" and insert "\$35"; in line 20, after the word "commencing", to strike out "October 1, 1958" and insert "January 1, 1959"; on page 94, at the beginning of line 8, to strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection"; in line 18, after the letter "(A)", to strike out "but"; in line 20, after the word "of", to strike out "\$33" and insert "\$30"; on page 95, line 24, after the word "commencing", to strike out "October 1, 1958" and insert "January 1, 1959"; on page 96, line 11, after the word "this", to strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection"; in line 23, after the word "of", to strike out "\$66" and insert "\$65"; on page 97, line 7, after the word "exceeds", to strike

out "\$36" and insert "\$35"; on page 98, line 1, after the word "commencing", to strike out "October 1, 1958" and insert "January 1, 1959"; in line 14, after the word "this", to strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection"; on page 99, line 3, after the word "of", to strike out "\$66" and insert "\$65"; in line 13, after the word "exceeds", to strike out "\$36" and insert "\$35"; on page 101, line 5, after the word "the", where it appears the first time, to strike out "eleven" and insert "ten"; in line 6, after the word "beginning", to strike out "October 1, 1958" and insert "January 1, 1959"; on page 102, line 1, after the name "Puerto Rico", to insert "The"; after line 17, to strike out:

"SPECIAL PROVISION FOR CERTAIN INDIANS REPEALED

"SEC. 510. Effective in the case of payments with respect to expenditures by States, under plans approved under title I, IV, or X of the Social Security act, for quarters beginning after September 30, 1958, section 9 of the act of April 19, 1950, as amended (25 U. S. C. 639), is repealed."

On page 103, at the beginning of line 2, to change the section number from "511" to "510"; at the beginning of line 8, to change the section number from "512" to "511"; in line 14, after the word "after", to strike out "September" and insert "December"; in line 18, after the word "after", to strike out "September" and insert "December"; on page 106, line 3, after the word "under", to strike out "section 522" and insert "this part"; in line 5, after the word "in", to strike out "such section 522" and insert "this part"; on page 110, line 7, after the word "the", to insert "Federal Security"; on page 111, line 6, after the word "the", to insert "Federal Security"; on page 112, after line 18, to strike out:

"COVERAGE FOR CERTAIN EMPLOYEES OF TAX EXEMPT ORGANIZATIONS WHICH PAID TAX

"SEC. 702. (a) Section 403 (a) (1) of the Social Security Amendments of 1954 is amended by striking out 'has failed to file prior to the enactment of the Social Security Amendments of 1956' and inserting in lieu thereof 'did not have in effect, during the entire period in which the individual was so employed.'

"(b) Section 403 (a) (3) of the Social Security Amendments of 1954 is amended by inserting 'performed during the period in which such organization did not have a valid waiver certificate' after 'service.'

"(c) Section 403 (a) (5) of the Social Security Amendments of 1954 is amended by inserting 'without knowledge that a waiver certificate was necessary, or' after 'in good faith and'."

On page 113, at the beginning of line 12, to change the section number from "703" to "702"; at the beginning of line 19, to change the section number from "704" to "703"; and after line 21, to insert a new section, as follows:

"ADVISORY COUNCIL ON PUBLIC ASSISTANCE

"SEC. 704. (a) There is hereby established an Advisory Council on Public Assistance for the purpose of reviewing the status of the public assistance program in relation to the old-age, survivors, and disability insurance program, the fiscal capacities of the States and the Federal Government, and any other factors bearing on the amount and proportion of the Federal and States shares in the public assistance program.

"(b) The Council shall be appointed by the Secretary before January 1959 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of 12 other persons who shall, to the extent possible, represent employers and employees in equal numbers, persons concerned with the administration or financing of the State and Federal programs, other persons with special knowledge,

experience, or qualifications with respect to the program, and the public.

"(c) (1) The Council is authorized to engage such technical assistance, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

"(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

"(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the provisions of sections 3, 403, 1003, and 1403 of the Social Security Act) to the Secretary and the Congress, such report to be submitted not later than January 1, 1960, after which date such Council shall cease to exist."

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. KNOWLAND. Did I correctly understand the request which was granted to be that the committee amendments be agreed to en bloc?

Mr. KERR. Yes; my request was that the committee amendments be agreed to en bloc; and that the bill, as thus amended, be considered as original text, for the purpose of amendment. That request by me was agreed to.

Mr. KNOWLAND. Very well.

Mr. KERR. Mr. President, H. R. 13549, the social security amendments of 1958, makes the following major improvements in the social-security program:

INCREASES IN BENEFITS AND EARNINGS BASE

First. Increases benefit amounts for all beneficiaries—those now on the rolls and those who will come on in the future—by about 7 percent, with an increase of at least \$3 in the amount payable to the retired worker. Increase the maximum on total benefits payable to a family from \$200 to \$254. Benefit increases will be effective for January-1959. The increased benefits will be reflected in checks received February 3, 1959.

Second. Increases, effective in 1959, the maximum amount of annual earnings taxable and creditable toward benefits from \$4,200 to \$4,800.

TAX RATE

Increases the scheduled rates in the law by one-fourth of 1 percent each for employees and employers, and three-eighths of 1 percent for the self-employed, above the rates now scheduled and provide for the scheduled increase in the rates to take place every 3 years instead of every 5 years.

[In percent]

	Em- ployers	Em- ployees	Self-em- ployed
1959.....	2½	2½	3¾
1960-62.....	3	3	4½
1963-65.....	3½	3½	5¼
1966-68.....	4	4	6
1969 and thereafter.....	4½	4½	6¾

DISABILITY

First. Provide benefits for wives, dependent husbands, and children of disability insurance beneficiaries like those now provided for dependents of old-age insurance beneficiaries. Set forth requirements for entitlement and amends appropriate provisions in present law to apply to such benefits.

Second. Eliminates the disability benefits offset provision for disability insurance benefits and childhood disability benefits.

Third. Removes the requirement for eligibility for the disability freeze or for disability insurance benefits that a disabled worker have 6 quarters of coverage out of 13 calendar quarters before disablement. Adds fully insured status as a requirement for the freeze in order to make requirements for both freeze and cash benefits alike.

Fourth. Provides that, for disability insurance benefit applications filed after December 1957 disability benefits may be paid for as many as 12 months before the month in which the application is filed.

Fifth. Postpones for 3 years the June 30, 1958, deadline for filing fully retroactive disability freeze applications.

Sixth. Requires that a person be continuously disabled throughout his freeze period and until disability freeze application is filed, and permits disability freeze applications filed after June 30, 1961, to establish a freeze period beginning as early as 18 months before the month of filing.

PROVISION FOR BENEFITS FOR DEPENDENTS

First. Where a person over age 18 is the child of a deceased or retired insured worker and has been disabled since before age 18, provides for the payment of benefits to the child without requiring proof, as required under present law, that he has been dependent upon the worker for one-half of his support. The change would make the requirement for the disabled adult child the same as for the child under age 18.

Second. Provides benefits for the dependent parent of a deceased worker even though there is a widow or child of the worker who is, or may become, eligible for benefits. Benefits payable to other survivors of a worker in the month of enactment will not be decreased if a parent comes on the rolls.

Third. Provides for the payment of a lump sum to the widow of a deceased worker only if she was living in the same household with him or had paid his burial expenses.

Fourth. Provides for payment of benefits to a child if the child was adopted by the widow of a worker within 2 years after the worker died, if the child had been living in the worker's household, and if the child had not been supported by anyone else.

Fifth. Permits payment of benefits to the mother of a child if the child had been adopted by her deceased husband.

Sixth. Removes the 3-year adoption requirement for the child of a retired worker.

Seventh. Where two secondary beneficiaries over age 18 marry each other—for example, the dependent parent of

one worker and the widow of another—provide for continuing the payment of benefits to both beneficiaries.

RETIREMENT TEST

First. Provides that a person will not lose a benefit under the retirement test for any month in which he has not earned wages in excess of \$100—rather than \$80 as under present law—provided he does not perform substantial services in self-employment in that month.

Second. Drops the requirement that a person who is not entitled to receive benefits during a year because he is working and who has in fact not received any benefits nevertheless must file an annual report of his earnings under the retirement test.

COVERAGE

The bill modifies the existing law to facilitate the social-security coverage of employees of nonprofit organizations and certain State and local government workers.

PUBLIC ASSISTANCE

The bill would change the formula determining the Federal share of assistance payments to provide an average maximum on State expenditures for assistance in which there can be Federal sharing, including assistance in the form of medical care and as money payments, and make a portion of the Federal con-

tribution related to the pro capita income of the States.

The maximum amount of payment to aged, blind, and disabled persons in which the Federal Government will participate, set in the House bill at \$66 monthly on an average basis, was reduced to \$65. In the aid to dependent children program the maximum was reduced from \$33 to \$30.

The effective date of increases in the Federal share of payments made under Federal-State public assistance programs was moved from October 1, 1958, to January 1, 1959.

The bill extends the benefits of the four public assistance programs to Guam with a dollar limitation on the total Federal grants of \$400,000.

The dollar limitation on total Federal grant to Puerto Rico is increased from \$5,312,500 to \$8,500,000 and to Virgin Islands from \$200,000 to \$300,000.

BLIND PROGRAMS—MISSOURI AND PENNSYLVANIA

Special provisions regarding State blind programs in Pennsylvania and Missouri would be extended from June 30, 1959, to June 30, 1961.

MATERNAL AND CHILD WELFARE

The authorization for maternal and child health would be increased from \$16.5 million to \$21.5 million, the authorization for crippled children services from \$15 million to \$20 million, and the

authorization for child welfare services from \$12 million to \$17 million. These increases would raise the total authorized for the three programs from \$43.5 million to \$58.5 million.

Briefly, that summarizes the provisions of H. R. 13549 as amended by the Committee on Finance and as reported to this body.

The PRESIDING OFFICER (Mr. MORSE in the chair). The bill is open to amendment.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to withdraw my printed amendments which were offered by me yesterday and printed, and which are identified as 8-14-58-B.

The PRESIDING OFFICER. The Senator is at liberty to withdraw his amendments.

Mr. YARBOROUGH. I offer herewith amendments to the bill. In substance they are identical to those which I offered on yesterday, but there were technical corrections to be made in 2 or 3 columns.

The PRESIDING OFFICER. The amendments offered by the Senator from Texas will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out the table appearing on pages 5 and 6, and to insert in lieu thereof the following table:

"Table for determining primary insurance amount and maximum family benefits

"I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)		IV (Primary insurance amount payable)	V (Maximum family benefits)	"I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)		IV (Primary insurance amount payable)	V (Maximum family benefits)	
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—			"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—			
	\$10.00		\$30.00		\$54	\$33	\$53.00		\$25.61	\$26.04	\$58.70	\$59.50	\$107	\$108	\$65	\$97.50
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00	26.05	26.52	59.60	60.40	109	109	66	99.00	
10.49	11.00	31.10	32.00	57	58	35	55.00	26.53	27.00	60.50	61.30	110	114	67	100.50	
11.01	11.48	32.10	33.00	59	60	36	56.00	27.01	27.52	61.40	62.20	115	118	68	102.00	
11.49	12.00	33.10	34.00	61	61	37	57.00	27.53	28.08	62.30	63.10	119	123	69	103.50	
12.01	12.48	34.10	35.00	62	63	38	58.00	28.09	28.68	63.20	64.00	124	127	70	105.00	
12.49	12.95	35.10	35.90	64	65	39	59.00	28.69	29.25	64.10	65.00	128	132	71	106.50	
12.96	13.40	36.00	36.80	66	66	40	60.00	29.26	29.84	65.10	65.90	133	137	72	109.60	
13.41	13.84	36.90	37.70	67	68	41	61.50	29.85	30.36	66.00	66.80	138	141	73	112.89	
13.85	14.28	37.80	38.60	69	70	42	63.00	30.37	30.92	66.90	67.70	142	146	74	116.80	
14.29	14.75	38.70	39.50	71	71	43	64.50	30.93	31.36	67.80	68.60	147	150	75	120.00	
14.76	15.24	39.60	40.40	72	73	44	66.00	31.37	32.00	68.70	69.50	151	155	76	124.00	
15.25	15.76	40.50	41.30	74	75	45	67.50	32.01	32.60	69.60	70.40	156	159	77	127.20	
15.77	16.32	41.40	42.20	76	76	46	69.00	32.61	33.20	70.50	71.30	160	164	78	131.20	
16.33	16.93	42.30	43.10	77	78	47	70.50	33.21	33.70	71.40	72.20	165	168	79	134.40	
16.94	17.60	43.20	44.00	79	80	48	72.00	33.71	34.40	72.30	73.10	169	173	80	138.40	
17.61	18.40	44.10	45.00	81	81	49	73.50	34.41	35.00	73.20	74.00	174	177	81	141.60	
18.41	19.15	45.10	45.90	82	83	50	75.00	35.01	35.60	74.10	75.00	178	182	82	145.60	
19.16	19.84	46.00	46.80	84	85	51	76.50	35.61	36.28	75.10	75.90	183	187	83	149.60	
19.85	20.44	46.90	47.70	86	86	52	78.00	36.29	36.80	76.00	76.80	188	191	84	152.80	
20.45	21.04	47.80	48.60	87	88	53	79.50	36.81	37.40	76.90	77.70	192	196	85	156.80	
21.05	21.59	48.70	49.50	89	90	54	81.00	37.41	38.00	77.80	78.60	197	200	86	160.00	
21.60	22.05	49.60	50.40	91	91	55	82.50	38.01	38.76	78.70	79.50	201	205	87	164.00	
22.06	22.45	50.50	51.30	92	93	56	84.00	38.77	39.32	79.60	80.40	206	209	88	167.20	
22.46	22.85	51.40	52.20	94	94	57	85.50	39.33	40.00	80.50	81.30	210	214	89	171.20	
22.86	23.21	52.30	53.10	95	96	58	87.00	40.01	40.68	81.40	82.20	215	218	90	174.40	
23.22	23.56	53.20	54.00	97	98	59	88.50	40.69	41.44	82.30	83.10	219	223	91	178.40	
23.57	23.96	54.10	55.00	99	100	60	90.00	41.45	42.00	83.20	84.00	224	227	92	181.60	
23.97	24.36	55.10	55.90	101	101	61	91.50	42.01	42.68	84.10	85.00	228	232	93	185.60	
24.37	24.76	56.00	56.80	102	103	62	93.00	42.69	43.56	85.10	85.90	233	237	94	189.60	
24.77	25.16	56.90	57.70	104	104	63	94.50	43.57	44.12	86.00	86.80	238	241	95	192.80	
25.17	25.60	57.80	58.60	105	106	64	96.00	44.13	44.78	86.90	87.70	242	246	96	196.80	

"Table for determining primary insurance amount and maximum family benefits—Continued

I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)		IV (Primary insurance amount payable)	V (Maximum family benefits)	I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)		IV (Primary insurance amount payable)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—			"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
\$44.79	\$45.60	\$87.80 88.70 89.60 90.50 91.40 92.30 93.20 94.10 95.10 96.00 96.90 97.80 98.70 99.60 100.50 101.40 102.30	\$88.60 89.50 90.40 91.30 92.20 93.10 94.00 95.00 95.90 96.80 97.70 98.60 99.50 100.40 101.30 102.20 103.10	\$247 251 256 260 265 269 274 278 283 288 292 297 301 306 310 315 319	\$250 255 259 264 268 273 277 282 287 291 296 300 305 309 314 318 323	\$97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113	\$200.00 204.00 207.20 211.20 214.40 218.40 221.60 225.60 229.60 232.80 236.80 240.00 244.00 247.20 251.20 254.40 258.40			\$103.20 104.10 105.10 106.00 106.90 107.80	\$104.00 105.00 105.90 106.80 107.70 108.50	\$324 328 333 338 342 347 351 356 360 365 369 374 378 383 388 392 397	\$327 332 337 341 346 350 355 359 364 368 373 377 382 387 391 396 400	\$114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130	\$260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00 260.00

On page 13, line 13, strike out "is not less than \$68" and insert in lieu thereof "is \$70, then such total of benefits shall not be reduced to less than \$108.90, or such primary insurance amount is so determined and is not less than \$71."

Mr. KNOWLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from California?

Mr. YARBOROUGH. Provided I do not lose the floor.

The PRESIDING OFFICER. It is so understood.

Mr. KNOWLAND. The Senator from Texas has offered his amendment, which I understand is the pending question, but did the Senator intend merely to make an opening statement? He was not planning on having a vote on his amendment tonight; was he?

Mr. YARBOROUGH. It depends no how long the majority and minority leader plan to stay in session tonight.

Mr. KNOWLAND. I suggest that the Senator proceed with his statement.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. YARBOROUGH. Mr. President, the amendment which I have offered to H. R. 13549 would change the social-security payment increase from 7 percent to 10 percent. H. R. 13549 as it passed the House and as it was reported by the Senate committee would increase the monthly payments which would be made under the social-security law to old people, retired workers, surviving widows or widowers, children, and surviving parents, all across the board, but the increase in the payments would be 7 percent. My amendment would simply increase the payment to 10 percent, an increase from 7 percent to 10 percent, or an additional 3 percent increase.

How much are these people receiving? There is a belief held by some in this country that social-security payments are high; that the payments are much higher than the old-age pensions provide. That is not true. In many States the old-age pensions are higher than the social-security payments the people have earned by putting their money into the social-security fund.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the Senator from Oregon.

Mr. NEUBERGER. Mr. President, I wish to associate myself with the remarks being made by the distinguished junior Senator from Texas. I feel certain the Senator from Texas has been aware of the great and unfortunate increase in the cost of living which has occurred in the past 2 or 3 years. If I am not mistaken, it has been the steepest increase in the cost of living ever to take place in our country in a comparable period, other than during a shooting war.

The people who are the most direct victims of such an increase in the cost of living are the elderly people, who must live on retirement incomes. Their incomes are fixed. There is no opportunity to increase them because of increased corporate profits or improved wage agreements negotiated by labor unions. The elderly people are caught in the vise.

It seems to me the amendment of the able Senator from Texas takes on added pertinence when we consider that fact.

There is one further item which I think makes the amendment of the Senator from Texas more justified at this moment. I noted recently an article in the New York Times which stated that the largest single increase in the cost of living, compared to other items, was in

medical care. Who are the people who necessarily require the most medical care? It is the elderly people. Of course, elderly people become sick more frequently than do the younger people, and they suffer the long, tragic, lingering illnesses which deplete family income and exchequer if there is any to deplete.

So I say to the Senator from Texas, I think he has submitted an amendment which has added justification today because of the distressing inflation which has eroded the purchasing power of so many elderly people who must live on fixed incomes.

Mr. YARBOROUGH. I thank the distinguished junior Senator from Oregon for his very pertinent remarks. The elderly people are caught in the rising spiral of inflation.

As has been pointed out, the spiral of inflation has been moving up and up, at a rate during the past 2 years which has never been exceeded except in the midst of a shooting war.

These people are too old to be able to increase their earnings by winning promotions in a trade, a business or a factory. They are past the age of employability in nearly all businesses. A few of them may be able to supplement income as baby sitters or night watchmen, but few trades are open to them.

The bill, without an increase to 10 percent, would fail to provide an amount sufficient to enable elderly people to have some measure of livable income. How much do these people receive? The average payment across the United States is \$64.50 a month, for a person living on retirement pay. I am not speaking of the widows of dead workers, for the average pay to the widows is \$51 a month, or less than \$2 a day. That is

far less than the old-age pension payments in many States.

We voted a 10-percent increase for the Federal workers. We voted a 10-percent increase for the postal workers. We voted a 10-percent increase in the retirement pay of Federal workers. We voted, last year, a 10-percent increase for disabled veterans. Even a year ago the cost of living had gone up so much that we in the Congress felt a 10-percent increase was required to permit the disabled veterans a measure of income which was necessary to enable them to live as they had lived 4 or 5 years ago.

I wish to serve notice on the Senate that the yeas and nays are going to be requested on this amendment. We are going to ask for a quorum call tonight, so that a sufficient number of Senators will be present to have a representative vote when the yeas and nays are called.

I think this type of legislation calls for a human heart. It calls for humanity.

Eleven million people are drawing social-security payments. To smaller groups—to 1 million here, 2 million there, another half million somewhere else—we have granted 10 percent increases. When we consider the 11 millions who need it the worst they have been told: "You may have only 7 percent." It would be an inadequate bill, with a 7 percent increase. I think the Senate ought to go on record in this matter.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. YARBOROUGH. In a moment I will yield to the distinguished Senator from Minnesota.

My amendment will not cause any taxes to be raised. My amendment will not add any tax burden. The bill reported by the House and reported by the Senate committee already contains an increase in the payroll tax of one-quarter of 1 percent, from 2¼ percent to 2½ percent. That is a sufficient increase to pay for the 10 percent increase in payments my amendment would provide.

I shall explain why my amendment would not cause an increase in the tax rate, but before I do so, I shall yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator from Texas for his courtesy in yielding to me.

I understand the Senator from Texas has proposed at least a 10 percent increase be granted to the beneficiaries of the social-security system.

Mr. YARBOROUGH. The Senator is correct.

Mr. HUMPHREY. The old-age and survivors' insurance beneficiaries?

Mr. YARBOROUGH. The amendment would raise the 7 percent increase provided in the bill to 10 percent.

Mr. HUMPHREY. I am happy the Senator has offered the amendment. I say to the Senator that a few minutes ago I laid such an amendment on the desk in my own name, but I am happy to associate myself with the amendment offered by the Senator from Texas.

Of course 10 percent is a fair and reasonable figure. I believe the Senator just stated that when it comes to ourselves, the employees of the Government, legislative employees, or whatever group of employees it may be, we think of a 10-percent increase as a reasonable adjustment, even though some of those employees have had salary increases since there were increases granted in the social security structure.

Furthermore, I am of the opinion that if one carefully examines the financing of the social security system, he will find these increases can be granted without in any way jeopardizing the stability of the fund. In fact, there will be tremendous funds accumulating under the tax schedule which is provided in the bill.

The grants of money are needed now. When I say the grants of money are needed, I refer to the insurance the bill provides. It is the insurance under the social security system which is needed now. It is not needed in the year 2000 or the year 2020.

An insurance officer calculates on an actuarial basis a program for 75 or 100 years hence, but what we need to think about is not only that which is ahead, which is indeed important, but also the actual benefits which will accrue to the individual citizen now.

I conclude on this note: There is no piece of legislation which Congress has ever passed which was more important to the well-being of America than social security legislation. There is no piece of legislation considered by this Congress which is more important than that increasing the benefits under the social security system. There is no group of people in America getting a rawer deal, getting mistreated quite so much by the impact of inflation and the price rises, as the elderly people who are the recipients of old-age and survivors' insurance and others who come under social security.

Our job, on the premise of sheer equity and social justice, is to at least keep the payments up with the cost of living and to at least give some modicum of relief in terms of increased benefits to those who are qualified under the program of social security.

I join with the Senator. I shall have more to say about this matter in the morning hour tomorrow. I understand we will be given that opportunity.

I plan to offer an amendment, which I want to note tonight, to provide for hospital insurance for our aged people. Any Senator who has ever been in a hospital to look over who is in the hospital knows that in community after community from 65 to 75 percent of the beds are occupied by the aged.

Today many a person must literally sacrifice his meager earnings because of sickness. Many a county or State is hard pressed because of the cost of hospitalization for our aged. I see no reason why the social-security program should not provide for at least 60 days nursing home or hospital care as a basic minimum. I know that there are millions of young people tonight who only wish that their dear mother or father

had a kind of hospital-insurance program under social security which would supplement their voluntary plans, so that they would be given hospital care.

I am not talking about socialized medicine. I am not talking about doctors. I am not talking about any kind of British Labor Party socialized medicine. I am not even talking about medical insurance. That has nothing whatsoever to do with the case. I am merely arguing that when someone qualifies—under social security—a woman aged 62, or a man aged 65—and is stricken with illness, he should be entitled, by insurance, not by gift, not by charity, not out of the kindness of some rich man's heart, not because of relief, but because of insurance, to hospitalization, rather than that the States, counties, charities, churches, and, indeed, families themselves, should be compelled literally to use the last dime available for hospitalization of the aged.

I repeat, this is not medical care. That is a private matter, as to who shall be one's doctor, and what kind of care he will receive. I am talking about a bed, about shelter for a person who is ill. I have an amendment on the desk which provides such care. I intend to offer it. It may not be adopted. I am told that it will not be. But the day is not far off when every Member of the Senate can look back with a great deal of pride to the fact that Congress provided for the elderly people of America at least a modicum of hospital care in the great community hospitals we have built throughout the land.

Mr. JOHNSON of Texas. Mr. President, will my colleague yield to me?

Mr. YARBOROUGH. I yield to my senior colleague.

Mr. JOHNSON of Texas. The hour is growing late, and many Members have left the Chamber. I am sure they desire to be present before a vote is taken on this very important amendment.

It is planned to have the Senate meet at 10 o'clock tomorrow morning. I wonder if it would be possible, after the morning hour is concluded, after the introduction of bills and the transaction of routine business, to arrange a definite time for a vote, or if a unanimous-consent agreement could be reached with regard to the debate, both pro and con, with a vote on the amendment to come at the conclusion of debate. I wonder if such an arrangement would be satisfactory, in order that Members who may be in their offices may know that they will not be recalled to the Chamber this evening. I do not know how much time the junior Senator from Texas would need tomorrow. He could use such time as he needed this evening, but I suggest that at the conclusion of the morning hour 30 minutes be allowed on the amendment, to be divided between the author of the amendment and the minority leader.

Mr. YARBOROUGH. The suggestion of the distinguished majority leader is perfectly acceptable to the sponsor of the amendment. I did not hear how much time had been suggested.

Mr. JOHNSON of Texas. At the conclusion of the morning hour—

Mr. YARBOROUGH. How much time should be allocated?

Mr. JOHNSON of Texas. How much time does the Senator think he would need?

Mr. YARBOROUGH. I believe 30 minutes to a side would be acceptable.

Mr. JOHNSON of Texas. I ask unanimous consent that, at the conclusion of the morning hour tomorrow, the debate on the pending amendment be limited to 30 minutes to a side, the time to be controlled by the sponsor and by the minority leader.

The PRESIDING OFFICER (Mr. MORSE in the chair). The Presiding Officer finds himself in an embarrassing situation. In his capacity as a Senator he would not agree to a unanimous-consent request tonight on the bill.

Mr. JOHNSON of Texas. The proposed unanimous-consent agreement relates only to this single amendment.

The PRESIDING OFFICER. The Chair, in his capacity as a Senator, cannot agree to such a request, either on the bill or on any amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I will yield in a moment to the distinguished Senator from Louisiana. Before I yield, I should like to say that the distinguished Senator from Minnesota [Mr. HUMPHREY] has shown his broad grasp of governmental policies tonight, as he has done many times before, in his description of the plight of the aged and the actuarial soundness of this fund, as well as in his conviction that these elderly people ought to get something now, rather than to have money piling up in the fund until the year 2050 A. D., to which some funds are projected. Many billions of dollars will be piled up that will not be used.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. HUMPHREY. I wonder if the Senator will permit me to join with him as the sponsor of this amendment, in order truly to associate myself with the wonderful endeavor on the part of the Senator from Texas.

Mr. YARBOROUGH. It is an honor to have the distinguished Senator from Minnesota join as a sponsor.

Mr. NEUBERGER. Mr. President, I asked unanimous consent to be allowed to join as a cosponsor.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the distinguished Senators from Minnesota and Oregon be permitted to join as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Louisiana.

Mr. LONG. In my judgment the Senator is sound in the position he has taken. A number of us voted for the position the Senator is taking when this question was considered in the Finance Committee.

As one of those who voted that way, I feel that this should be a 10 percent bill, for the reason the Senator has mentioned, as well as for other reasons.

I made a request of the chief actuary of the Department of Health, Education, and Welfare to tabulate what would happen to the social security fund if the Senator's amendment were adopted. I have the figures before me. They show that if we should pay a 10 percent increase, under the schedules in the bill, paying the increase every year starting in 1960 and running up to the turn of the century, at the turn of the century the fund would then have \$117 billion in it. If we did not adopt this amendment, and passed the bill in the form in which it came from the House, the increase in the fund by the year 2000 would bring it up to \$163 billion.

The issue, as I see it, is whether, during the next 40 years, we want these old people to have the benefit of that \$40 billion, or whether we want to pile up the money in such a manner that we could retire the entire public debt by the most aggressive sort of payroll tax, whereby we would not allow a man any exemption for a wife or children, or for personal expenses, and would not tax him more than \$4800. That is what could be termed a most aggressive form of personal income tax.

Some contend that it would be desirable to build the fund up to \$285 billion by the year 2020. If we accumulate such an enormous fund, the old folks will have to get by on less.

Eventually, when the fund is built up, assuming that the public debt remains constant, the Government will hold all the Government bonds. Every bond of the United States Government will be held by the United States Government, and I presume we could adopt a resolution to declare that the public debt no longer exists, inasmuch as the Government itself has all the Government bonds, and the Government owes the obligation to make such payments anyway. Even if we had such an enormous fund, I am sure that no one would suggest discontinuing the payroll tax.

If we can look forward to this fund accumulating to \$110 billion by the year 2000, and having a 10 percent increase instead of a 7 percent increase, that would make it possible for the aged of this land, the retired, the widows, and survivors, to live substantially better.

For that reason, I am pleased to support the Senator's position.

Mr. President, I ask unanimous consent that the tabulation to which I have referred, which shows the soundness of the Senator's position from a fiscal point of view, be printed in the RECORD at this point in support of the argument.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the table referred to by the distinguished Senator from Louisiana be printed at this point in the RECORD. It shows—and I wish to refer to this fact again—that by the year 2000 there would be in this fund, if the rates voted by the House and recommended by the committee were adopted, a balance of \$163 billion. If the 10 percent increase were granted, there would be in the fund by the year 2000, \$117,042,000,000.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Progress of OASI trust fund under modification of H. R. 13549 increasing benefits by 10 percent (or \$5) instead of by 7 percent (or \$3) intermediate-cost estimate at 3 percent interest

Calendar year	Under bill modified to increase benefits 10 percent				Under bill passed by House, balance in fund
	Contributions	Benefit payments and other outgo ¹	Interest on fund ²	Balance in fund	
1958.....	\$7,297	\$8,685	\$565	\$21,584	\$21,665
1959.....	8,632	10,132	563	20,647	20,971
1960.....	10,621	10,705	577	21,140	21,794
1961.....	11,106	11,314	610	21,542	22,552
1962.....	11,256	11,929	636	21,505	22,902
1963.....	13,124	12,374	656	22,911	24,722
1964.....	13,652	12,725	701	24,539	26,784
1965.....	13,830	13,058	748	26,059	28,762
1970.....	19,404	15,767	1,254	44,869	50,330
1975.....	20,880	18,595	1,928	67,331	76,432
1980.....	22,301	21,747	2,464	84,881	98,678
2000.....	29,695	30,710	3,424	117,042	163,448

¹ Administrative expenses and payments to the railroad retirement account.

² At 3 percent, except 2.6 percent in 1958, 2.7 percent in 1959, 2.8 percent in 1960, and 2.9 percent in 1961.

³ Fund exhausted in 2042.

Mr. YARBOROUGH. Mr. President, I wish to note for the record that I have been joined in offering my amendment by the Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Oregon [Mr. NEUBERGER], the senior Senator from Oregon [Mr. MORSE], and the Senator from South Carolina [Mr. JOHNSTON].

Mr. President, I ask unanimous consent that at this point in the RECORD there may be printed in full the amendment I have offered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. YARBOROUGH, on behalf of himself and other Senators, ordered to be printed in the RECORD, is as follows:

Strike out the table appearing on pages 5 and 6, and insert in lieu thereof the following table:

"Table for determining primary insurance amount and maximum family benefits"

I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage payable)		IV (Primary insurance amount)	V (Maximum family benefits)	I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)		IV (Primary insurance amount payable)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—"		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—"	But not more than—	At least—	But not more than—	At least—	But not more than—			At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10.00		\$30.00		\$54	\$33	\$53.00	\$35.01	\$35.60	\$74.10	\$75.00	\$178	\$182	\$82	\$145.60
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00	35.61	36.28	75.10	75.90	183	187	83	149.60
10.49	11.00	31.10	32.00	57	58	35	55.00	36.29	36.80	76.00	76.80	188	191	84	152.80
11.01	11.48	32.10	33.00	59	60	36	56.00	36.81	37.40	76.90	77.70	192	196	85	156.80
11.49	12.00	33.10	34.00	61	61	37	57.00	37.41	38.00	77.80	78.60	197	200	86	160.00
12.01	12.48	34.10	35.00	62	63	38	58.00	38.01	38.76	78.70	79.50	201	205	87	164.00
12.49	12.95	35.10	35.90	64	65	39	59.00	38.77	39.32	79.60	80.40	206	209	88	167.20
12.96	13.40	36.00	36.80	66	66	40	60.00	39.33	40.00	80.50	81.30	210	214	89	171.20
13.41	13.84	36.90	37.70	67	68	41	61.50	40.01	40.68	81.40	82.20	215	218	90	174.40
13.85	14.28	37.80	38.60	69	70	42	63.00	40.69	41.44	82.30	83.10	219	223	91	178.40
14.29	14.75	38.70	39.50	71	71	43	64.50	41.45	42.00	83.20	84.00	224	227	92	181.60
14.76	15.24	39.60	40.40	72	73	44	66.00	42.01	42.68	84.10	85.00	228	232	93	185.60
15.25	15.76	40.50	41.30	74	75	45	67.50	42.69	43.56	85.10	85.90	233	237	94	189.60
15.77	16.32	41.40	42.20	76	76	46	69.00	43.57	44.12	86.00	86.80	238	241	95	192.80
16.33	16.93	42.30	43.10	77	78	47	70.50	44.13	44.78	86.90	87.70	242	246	96	196.80
16.94	17.60	43.20	44.00	79	80	48	72.00	44.79	45.60	87.80	88.60	247	250	97	200.00
17.61	18.40	44.10	45.00	81	81	49	73.50			88.70	89.50	251	255	98	204.00
18.41	19.15	45.10	45.90	82	83	50	75.00			89.60	90.40	256	259	99	207.20
19.16	19.84	46.00	46.80	84	85	51	76.50			90.50	91.30	260	264	100	211.20
19.85	20.44	46.90	47.70	86	86	52	78.00			91.40	92.20	265	268	101	214.40
20.45	21.04	47.80	48.60	87	88	53	79.50			92.30	93.10	269	273	102	218.40
21.05	21.59	48.70	49.50	89	90	54	81.00			93.20	94.00	274	277	103	221.60
21.60	22.05	49.60	50.40	91	91	55	82.50			94.10	95.00	278	282	104	225.60
22.06	22.45	50.50	51.30	92	93	56	84.00			95.10	95.90	283	287	105	229.60
22.46	22.85	51.40	52.20	94	94	57	85.50			96.00	96.80	288	291	106	232.80
22.86	23.21	52.30	53.10	95	96	58	87.00			96.90	97.70	292	296	107	236.80
23.22	23.56	53.20	54.00	97	98	59	88.50			97.80	98.60	297	300	108	240.00
23.57	23.96	54.10	55.00	99	100	60	90.00			98.70	99.50	301	305	109	244.00
23.97	24.36	55.10	55.90	101	101	61	91.50			99.60	100.40	306	309	110	247.20
24.37	24.76	56.00	56.80	102	103	62	93.00			100.50	101.30	310	314	111	251.20
24.77	25.16	56.90	57.70	104	104	63	94.50			101.40	102.20	315	318	112	254.40
25.17	25.60	57.80	58.60	105	106	64	96.00			102.30	103.10	319	323	113	258.40
25.61	26.04	58.70	59.50	107	108	65	97.50			103.20	104.00	324	327	114	260.00
26.05	26.52	59.60	60.40	109	109	66	99.00			104.10	105.00	328	332	115	260.00
26.53	27.00	60.50	61.30	110	114	67	100.50			105.10	105.90	333	337	116	260.00
27.01	27.52	61.40	62.20	115	118	68	102.00			106.00	106.80	338	341	117	260.00
27.53	28.08	62.30	63.10	119	123	69	103.50			106.90	107.70	342	346	118	260.00
28.09	28.68	63.20	64.00	124	127	70	105.00			107.80	108.50	347	350	119	260.00
28.69	29.25	64.10	65.00	128	132	71	106.50					351	355	120	260.00
29.26	29.84	65.10	65.90	133	137	72	108.00					356	359	121	260.00
29.85	30.36	66.00	66.80	138	141	73	112.80					360	364	122	260.00
30.37	30.92	66.90	67.70	142	146	74	116.80					365	368	123	260.00
30.93	31.36	67.80	68.60	147	150	75	120.00					369	373	124	260.00
31.37	32.00	68.70	69.50	151	155	76	124.00					374	377	125	260.00
32.01	32.60	69.60	70.40	156	159	77	127.20					378	382	126	260.00
32.61	33.20	70.50	71.30	160	164	78	131.20					383	387	127	260.00
33.21	33.70	71.40	72.20	165	168	79	134.40					388	391	128	260.00
33.71	34.40	72.30	73.10	169	173	80	138.40					392	396	129	260.00
34.41	35.00	73.20	74.00	174	177	81	141.60					397	400	130	260.00"

On page 13, line 13, strike out "is not less than \$68" and insert in lieu thereof "is \$70, then such total of benefits shall not be reduced to less than \$108.90, or such primary insurance amount is so determined and is not less than \$71."

Mr. YARBOROUGH. Mr. President, those opposing the 10-percent increase say that sometimes the people drawing social-security benefits have other income, and therefore do not need this additional money, and that they are well off. Let us look at the facts.

For many millions of Americans, social security is the only retirement income they receive.

A study was conducted for the House of Representatives last December by the Department of Health, Education, and Welfare, to determine the number of people on social security who received additional income, and how much they received. This is what the study showed:

Aside from social-security benefits, 1 out of every 5 retired couples, more than 1 out of every 4 single workers, and more than 1 out of every 3 aged widows who received any additional money income, had less than \$75 in additional income a year. That is not \$75 a month, but less than \$75 an additional income a year. That income came from different sources.

One-fourth of the couples and aged widows and one-third of the retired single workers received all their income from old-age pensions. Because social-security benefits were so low, it took the old-age pension to make it possible for them to get perhaps a loaf of bread, and perhaps a bottle of milk—but generally beans and potatoes—because on \$2 a day, or less, when people get old they cannot afford very much more, particularly because their medical costs increase.

Medicines which one could buy 25 years ago for perhaps 75 cents at the local

drugstore, on a prescription, now cost \$2 or \$3, and sometimes even \$4 or \$5.

I have talked to the owners of small corner drugstores in the towns in my State, and they have said that higher old-age pensions and higher old-age security benefits, which I am advocating, are one of the most needed things in this country.

I have had the owners of small drugstores in the towns of my State tell me, with tears in their eyes, that old people come into their drugstores and ask for credit in order to buy some drugs. These drugstore owners have told me that they have given these old people all the credit they can under their own credit structure with their banks. They are unable to extend any more credit to these old people. They are being asked to extend this additional credit so that the old people can get the medicines they so badly need. I have been told by such drugstore owners that they

would be glad to extend them more credit, but are unable to do so. Medicine is one item we ought to consider as one reason for higher payments.

We must remember that with the average retired worker drawing social security of \$64.50, if we were to increase that amount by 7 percent, we would increase it by the payment about \$4.

If we were to increase it by 10 percent, we would be paying \$6.45 a month more. That is not a large sum of money. It is enough, probably, for 1 more bottle of medicine, and perhaps for another loaf of bread every 3 or 4 days. Not an additional loaf of bread every day, but every 3 or 4 days, if we add a bottle of needed medicine.

That is the only increase I am asking for. It is too little, yes; it is not enough. However, I am asking only for what seems to be within grasp of the attainable. I cannot understand how a reasonable man could vote against such an amendment, particularly when we remember that it would not raise the payroll tax. That is already raised one-fourth of 1 percent by the House bill and by the bill recommended by the committee.

The purpose of that raise was to take care of the 7-percent increase which was voted. It was also said to be for the purpose of making the social-security fund actuarially sound. It is said by some statisticians that the social-security fund is actuarially unsound and that there is a deficit in it of some \$400 million. Therefore, the increase in taxes voted was not merely to cover the 7-percent increase in the payments, but also to make it actuarially sound.

The increase in the tax would put into the fund, in addition to paying for the 7-percent increase, \$42½ million excess a year.

This \$42½ million additional which would be collected under taxes under the bill as passed by the House and under the bill as reported by the Senate committee, would be cut down somewhat if we raised the social security payments by 10 percent, instead of by the 7 percent, as recommended by the committee. However, there would still be, from the increase in the payroll taxes, an excess of \$17½ million a year more in taxes collected than the amount of the increase in payments.

With the \$17½ million more a year in taxes already voted in the House bill and recommended by the Senate committee over the amount the 10 percent would cost, it would mean wiping out the actuarial deficit in the course of years. That is why no additional tax is required by my amendment. The additional tax has already been voted by the House and has already been recommended by the committee.

The only difference would be that under my amendment—now cosponsored by the Senator from Oregon [Mr. NEUBERGER], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from South Carolina [Mr. JOHNSTON]—would take a larger share of the tax money which is already being raised and would put it in the payments, and would put a

smaller share in the actuarial fund. It would not involve deficit financing. It would not add to the \$12 1/5 billion deficit to which reference has been made on the floor of the Senate tonight. It would not cause a tax increase, because that has already been voted in the House bill. It would result in a different split of the money raised by the taxes. My amendment would give these starving people some income now, whereas the committee reported bill would put a larger share into the fund, so that there would be \$163 billion in it in the year 2000.

These elderly people will all be dead and buried by the year 2000. I say let us give a share of it now to humanity. Let us give it now to people so that they can buy bread and medicine and live and breathe and let the good air blow over their bodies, and let them see the bright sunshine; and not let disease and lack of food break down their bodies. Any doctor will say that a starving body affects the mind. It is no wonder that so many of the older people should be afflicted with mental illness.

It is a fact that physical illness and undernourishment breaks down the vitality and the resistance of the body. Medical science has proved that to be a fact. Medical science has added to the problem. It has lengthened the life of man, but it has not lengthened his vitality along with it.

I am glad the distinguished Senator from Minnesota [Mr. HUMPHREY] mentioned the children. In generations gone by, the care of the old was not such a great burden on the children as it is today. We lived in an agrarian economy. The grandfathers and the grandmothers fitted into that economy. They lived on the farm. They helped to milk the cows and to tend the calves and the hogs, while the more vigorous younger and middle-aged members of the family did the hard physical labor on the farm. That day has gone in America. It has gone forever. Even farming has become mechanized, requiring able-bodied workmen. There is no place in the present farm economy for the old people. They have no work to do. They no longer fit into that society. It is not because the children are heartless. Through the efforts of medical science many more people are now living beyond the age of 65. The number was much smaller a half century ago. The older people constitute a great number today. The present economy does not support them by their labor, as it once did in a hand-labor economy.

We have become an urban people in one generation. In one generation we have changed to the point where only about 12 percent of our people live on farms and ranches. In a congested metropolitan area, a young couple trying to start life together and raise a family, do not have, in 95 percent of the cases, enough money to care for the bed cases of grandparents. Therefore, under our society, as the Senator from Minnesota [Mr. HUMPHREY] has said, the passage of the Social Security Act back in the mid-1930's was one of the greatest advances made by this Government in its

domestic establishment and in its domestic policy that it had ever made.

The amendment I have offered is an act of justice. It is an act of humanity. It is an act of actuarial soundness. It is good fiscal policy, because the payments made will stay at home. This money will not be put in a sock. It will help business recovery, because these people, living on such narrow margins, 99 times out of 100 spend every last cent of it, generally on credit, before it is obtained. It goes into the channels of trade.

Mr. President, I yield the floor.

THE LABOR REFORM BILL

Mr. KENNEDY:—Mr. President, I have in recent weeks invited attention to the fact that the leadership of some business organizations has made intemperate and unjustified attacks on the labor reform bill recently passed by this body. I have always felt that these expressions were not an accurate reflection of the views of individual members of the business community. Today, I wish to have printed in the RECORD, and ask unanimous consent to do so, a petition from a large and highly respected group of businessmen—the New York Board of Trade—which bears out my belief in this regard.

The board of trade recognizes that this bill in the words of its petition, "is a major stride in the direction of labor reform." Clearly this group of businessmen has calmly and dispassionately assessed this bill and has found it worthy of strong support. Their willingness to make such an assessment is worthy of strong commendation.

There being no objection, the letter and petition were ordered to be printed in the RECORD, as follows:

NEW YORK BOARD OF TRADE, INC.,
New York, N. Y., August 7, 1958.
Hon. JOHN F. KENNEDY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KENNEDY: Enclosed please find copy of wired petition to Speaker SAM RAYBURN and Hon. GRAHAM A. BARDEN, chairman, House Education and Labor Committee, petitioning for the enactment of the above bill before the Congress adjourns.

This bill would make unlawful certain nefarious practices disclosed at congressional hearings and engaged in by both labor and management.

Government should perform this essential service of establishing the rules of conduct under which representatives of labor and management must abide.

We respectfully petition you to give this matter your thoughtful attention and lend your best efforts toward enactment during the present session.

I have the honor to remain,

Respectfully yours,
ASHBY E. BLADEN, President.

AUGUST 6, 1958.

Hon. GRAHAM A. BARDEN,
Chairman, Committee on Education
and Labor, House Office Building,
Washington, D. C.

Hon. SAM RAYBURN,
Speaker of the House, House Office
Building, Washington, D. C.:

Respectfully petition enactment of Kennedy-Ives labor reform bill before Congress adjourns. Though this bill does not amend the Taft-Hartley law to meet desires of ad-

vocates of thorough reform, nevertheless it is a major stride in that direction. Enactment would demonstrate determination to outlaw nefarious practices disclosed at congressional hearings. Our economy, our national standard of conduct, and our moral reputation throughout the world will suffer if congressional inaction seems to condone publicly the practices that so profoundly shocked American sense of decency and fair play.

ASHBY E. BLADEN,
President, New York Board of
Trade, Inc.

SENATOR MANSFIELD—DELEGATE TO THE UNITED NATIONS

Mr. HUMPHREY. Mr. President, as we near the adjournment of Congress, I want to take this opportunity to pay tribute to one of the hardest working and most effective Members of this body, the distinguished junior Senator from Montana [Mr. MANSFIELD].

As assistant majority leader, he has exercised his duties as whip with unflinching good humor and rare effectiveness. His imprint is on much of the legislation which is a part of the constructive record of this Congress. Senator MANSFIELD's diligent work in behalf of parity for agriculture, full employment for labor, prosperity for industry, protection and development of our mines, forests, rivers, and great natural resources has earned for him the respect, admiration, and confidence of his colleagues and the people of Montana.

Equally important, however, has been his conscientious and devoted work as a member of the Senate Foreign Relations Committee. I have sat with him in that committee through long hours of hearings and of committee debate as we were considering legislation to report to the Senate. He has brought to our discussions of foreign policy, both in the committee and in the Senate, a keen understanding of the problems we face and creative, helpful suggestions as to how to meet those problems.

There are many people who think they are experts on foreign policy, Mr. President, but the Senator from Montana is one of the few people who really qualifies for that honor. He has traveled widely and thought deeply, and we are all in his debt for his wise counsel and cogent analyses.

I am particularly pleased that the President has seen fit to avail himself of these talents by appointing the Senator a delegate to the forthcoming regular session of the United Nations General Assembly which will meet in New York beginning next month. This will undoubtedly be one of the most momentous sessions the Assembly has ever held, and the American people can count themselves fortunate that their delegation will include men of the caliber of the Senator from Montana.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

ADDITIONAL REPORTS OF A COMMITTEE

The following additional reports of a committee were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

H. R. 1829. An act for the relief of the estate of Mrs. Frank C. Gregg (Rept. No. 2417); and

H. R. 6175. An act for the relief of Virginia Hell (Rept. No. 2418).

MISBRANDING AND FALSE ADVERTISING OF FIBER CONTENT OF TEXTILE FIBER PRODUCTS—AMENDMENTS

Mr. GOLDWATER submitted amendments, intended to be proposed by him, to the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes, which were ordered to lie on the table, and to be printed.

CONSOLIDATION OF LAWS ADMINISTERED BY VETERANS' ADMINISTRATION—AMENDMENTS

Mr. HUMPHREY submitted amendments, intended to be proposed by him, to the bill (H. R. 9700) to consolidate into one act all of the laws administered by the Veterans' Administration, and for other purposes, which were ordered to lie on the table, and to be printed.

INCREASE OF BENEFITS UNDER FEDERAL OLD-AGE SURVIVORS, AND DISABILITY INSURANCE SYSTEM—AMENDMENTS

Mr. LONG submitted amendments, intended to be proposed by him, to the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes, which were ordered to lie on the table, and to be printed.

Mr. HUMPHREY submitted amendments, intended to be proposed by him, to House bill 13549, supra, which were ordered to lie on the table, and to be printed.

Mr. PURTELL submitted an amendment, intended to be proposed by him to House bill 13549, supra, which was ordered to lie on the table, and to be printed.

Mr. YARBOROUGH (for himself, Mr. HUMPHREY, Mr. NEUBERGER, Mr. MORSE, and Mr. JOHNSTON of South Carolina) submitted amendments, intended to be proposed by them, to House bill 13549, supra, which were ordered to lie on the table, and to be printed.

Mr. DOUGLAS submitted an amendment, intended to be proposed by him to House bill 13549, supra, which was ordered to lie on the table and to be printed.

ADDITIONAL APPENDIX MATTERS

By Mr. NEUBERGER:

Article entitled "The Property Tax and Public School Financing," written by Dr. R. L. Johns and published by the National Education Association Legislative Division.

By Mr. DOUGLAS:

A survey on current unemployment.

ADJOURNMENT UNTIL 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, pursuant to the order previously entered, I move that the Senate adjourn until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 10 o'clock and 50 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until tomorrow, Saturday, August 16, 1958, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 15 (legislative day of August 14), 1958:

The following-named officers for promotion in the Regular Air Force under the provisions of section 8298, title 10, United States Code. All officers are subject to physical examination required by law:

UNITED STATES AIR FORCE

Second lieutenant to first lieutenant, line of the Air Force

Moring, Eugene E., Jr., 47813A.

Evans, Harold R., 47811A.

Taylor, Billie J., 47824A.

Russell, Jerry W., 47827A.

McNally, Ray F., 47823A.

Fullam, Wayne E., 47819A.

Hart, Richard L., 47820A.

Baird, Robert V., 47807A.

Henrie, Gordon C., 47825A.

Jameson, Harold L., 47810A.

Booker, Hillard C., 47809A.

Rawlinson, Neil C., 47828A.

Johnston, Richard L., 47830A.

Parker, Norman M., 47832A.

Craver, Ivey D., 47831A.

Kovacich, Vincent J., 47835A.

Tindall, Richard D., 47840A.

Herndon, Thomas C., 47842A.

Hildreth, Richard L., 47860A.

Webb, Leonard W., 48000A.

Tardif, Charles H., 47855A.

Foxe, George E., Jr., 47859A.

Underwood, Harold W., 47857A.

Kastella, Kenneth G., 47850A.

Johnson, Edward V., Jr., 47844A.

Wiggins, Larry D., 47856A.

Treanor, Forrest L., Jr., 47861A.

Hegwer, Frank A., 31843A.

Farmer, Grover C., 47863A.

Devens, Allyn M., 47862A.

Thomas, George E., 47868A.

Holland, Darrell T., 47864A.

Macomber, Edward M., 47866A.

Jameson, Roy W., 47865A.

VonKleist, Robert V., 47872A.

Leonard, Dan W., 47878A.

Weisbeck, Edward N., 47861A.

Wright, James R., 47886A.

Dickson, Paul W., Jr., 47883A.

Harmon, John F., 47889A.

Cannon, Jerald D., 47892A.

Leiby, Richard G., 47890A.

Thomas, Lloyd H., 47896A.

Hofmann, Frederick L., 47898A.

Doherty, Charles J., 47900A.

Julian, Robert E., 47903A.

Hughes, Eynon, 47905A.

Murray, James R., 47906A.

Plutt, Phillip E., 47907A.

Aug. 16, 1958

Sen. Jackson commended the State of Washington for operating the Youth Forest Camps program for young people, and inserted an article discussing the program. p. 16497

35. SOCIAL SECURITY. Passed with amendments, 79 to 0, H. R. 13549, to increase social security benefits. Conferees were appointed. pp. 16502-08, 16509, 16513-20, 16522-63
36. TEXTILES. Sen. Gore urged consideration of H. R. 469, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products. p. 16570
37. ELECTRIFICATION. Sen. Kefauver urged the House Rules Committee to clear legislation permitting TVA to issue its own revenue bonds to finance new generating capacity, and inserted a newspaper article on the matter, "A Blow to TVA." p. 16501
38. NOMINATIONS. Confirmed the nomination of Barbara B. Gunderson to be a Civil Service Commissioner. pp. 16490-96, 16578
39. LOBBYING. Received the quarterly report on lobbying. pp. 16579-609
40. LEGISLATIVE PROGRAM. Sen. Johnson announced that at least 5 bills must be enacted before sine die adjournment, including the mutual security appropriation bill, increasing the public debt limit, and extending Public Law 480, and stated that "Members of the Senate will be glad to learn that we expect the Senate to adjourn sine die next week." (p. 16496) He announced that the Calendar will be called Mon., Aug. 18. (p. 16497) He later announced a list of bills which the majority policy committee had cleared for consideration, including H. R. 5497, for assistance to fish and wildlife projects under Watershed Act; H. R. 12126, protection against dissemination of livestock diseases; H. R. 13192, mutual security appropriation bill; H. R. 912, for serving oleomargarine in the Navy; H. R. 13580, to increase public debt limit; H. R. 8481, to extend certain forestry provisions of Agricultural Act of 1956 to Hawaii; and H. R. 12494, forest land transfer to N. C. (pp. 16568-70)
41. RECESSED until Mon., Aug. 18. p. 16577

ITEMS IN APPENDIX

2. FARM PROGRAM. Rep. Harrison inserted a telegram from the American Farm Bureau Federation stating it could not support farm legislation granting the Secretary the breadth of discretion for price support levels as contained in the proposed House farm bill, or providing for "artificial minimum price supports." p. A7342
Extension of remarks of Rep. Miller, Nebr., making his 16th annual report to his constituents and discussing his position on farm legislation. He stated "I have supported the administration and the Secretary in about 85 percent of their program," criticized the Secretary's position against the industrial uses research bill, and concluded that the abundant farm crops were preventing Nebr. from being drawn into the recession. pp. A7343-4
3. MEATPACKING. Speech of Rep. Holifield explaining that he was voting for H. R. 9020, to determine jurisdiction over meatpackers, only because the bill in conference might be changed to agree more with the Senate bill which provides concurrent jurisdiction over meatpackers, which he contended was the minimum solution he could accept. pp. A7355-6

44. FORESTRY. Rep. Porter commended the House appointees to the National Outdoor Recreation Resources Review Commission and inserted an editorial on a trip made to the Wallowa area in Ore. p. A7342
Rep. Westland inserted a statement by W. D. Hagenstein of the Industrial Forestry Ass'n on S. 4028, to create a national wilderness preservation system. He urged that hearings be held in the West on this bill so that the problems involved might be aired more publicly in the area most affected. pp. A7345-6
45. PESTICIDES. Extension of remarks of Rep. Miller urging Congress to act slowly in further controlling the use of pesticides. He said the USDA gypsy moth and fire ant eradication programs had been successful without destroying wildlife or harming human beings, due to the toxicity levels established by research. p. A7349
46. REA. Sen. Langer inserted an article from an Okla. newspaper commending the growth of the Southwest Rural Electric Ass'n on its 20th anniversary. pp. A7367-8
47. LIVESTOCK. Sen. Yarborough inserted an article, "There's A Market For Our Cattle In Latin American Countries." pp. A7369-70
48. BUDGETING. Speech in the House of Rep. Harden urging enactment of H. R. 8002, to provide for accrued expenditure budgeting. pp. A7379-80
Speech in the House of Rep. Dooley urging enactment of H. R. 8002 on a trial basis. p. A7401
49. ELECTRIFICATION. Rep. Gubser inserted an editorial commending the building of the private power dams in Hells Canyon as a quicker and cheaper method of securing electric power in the Pacific Northwest. p. A7378
Rep. Moore inserted an article criticizing TVA for drawing industry from other areas by electric rates which it was contended, are artificially lowered due to the absence of Federal taxes. p. A7398
50. FOREIGN TRADE. Rep. Boggs inserted an editorial urging expanded foreign trade as a foreign policy goal. pp. A7378-9
Sen. Neuberger inserted an editorial commending the passage of the Reciprocal Trade Agreements Act extension without the amendment allowing cherry-growers to appeal against the importation of glace and candied cherries. p. A7409
51. PUBLIC DEBT. Rep. Byrd inserted an editorial urging the Government to curb its spending, and to reduce the national debt. p. A7379
52. UNEMPLOYMENT. Sen. Douglas inserted a survey of unemployment. pp. A7384-6
53. SMALL BUSINESS. Rep. Powell inserted a column explaining the proposed Small Business Investment Act of 1958. pp. A7388-9
54. WATER RESOURCES. Rep. Rogers, Tex., inserted the first three essays in a contest, "Why the Importance of Water Conservation," sponsored by the Panhandle Underground Water Conservation District No. 3, White Deer, Tex. pp. A7395-6, A7396-7, A7397.
55. SALINE WATER. Extension of remarks of Rep. Dooley commending the passage of S. J. Res. 135, to authorize the construction of saline water conversion plants, as a step in overcoming the present cost-barrier. p. A7402

S. 1313

IN THE SENATE OF THE UNITED STATES

FEBRUARY 20 (legislative day, FEBRUARY 18), 1957

Mr. MORSE (for himself, Mr. MURRAY, Mr. NEELY, Mr. KENNEDY, Mr. NEUBERGER, Mr. COOPER, Mr. BEALL, Mr. YOUNG, Mr. HILL, Mr. HENNINGS, Mr. BARRETT, Mr. McNAMARA, Mr. MAGNUSON, Mr. HUMPHREY, and Mr. Ives) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To amend the Railroad Retirement Act of 1937, the Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act, so as to provide increases in benefits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 PART I—AMENDMENTS TO THE RAILROAD RETIREMENT

4 ACT OF 1937

5 SECTION 1. (a) Section 2 (a) 3 of the Railroad
6 Retirement Act of 1937 is amended to read as follows:

7 “3. Individuals who will have attained the age of sixty

1 and will have completed thirty years of service or, in the
2 case of women, who will have attained the age of sixty-two
3 and will have completed less than thirty years of service,
4 but the annuity of such individual shall be reduced by one
5 one-hundred-and-eightieth for each calendar month that he
6 or she is under age sixty-five when the annuity begins to
7 accrue.”

8 (b) Section 2 (d) of such Act is amended by adding
9 at the end thereof the following new sentence: “If pursuant
10 to the third sentence of this subsection an annuity was
11 not paid to an individual with respect to one or more months
12 in any calendar year, and it is subsequently established that
13 the total amount of such individual’s earnings during such
14 year as determined in accordance with that sentence (but
15 exclusive of earnings for services described in the first sen-
16 tence of this subsection) did not exceed \$1,200, the annuity
17 with respect to such month or months, and any deduction
18 imposed by reason of the failure to report earnings for such
19 month or months under the fifth sentence of this subsection,
20 shall then be payable. If the total amount of such indi-
21 vidual’s earnings during such year (exclusive of earnings for
22 services described in the first sentence of this subsection)
23 is in excess of \$1,200, the number of months in such year
24 with respect to which an annuity is not payable by reason
25 of such third and fifth sentences shall not exceed one month

1 for each \$100 of such excess, treating the last \$50 or more
2 of such excess as \$100; and if the amount of the annuity
3 has changed during such year, any payments of annuity
4 which become payable solely by reason of the limitation
5 contained in this sentence shall be made first with respect
6 to the month or months for which the annuity is larger.”

7 (c) Section 2 (e) of such Act is amended by striking
8 out “than an amount” and inserting in lieu thereof “than
9 110 per centum of an amount”.

10 (d) Section 2 (g) of such Act is amended by inserting
11 after “wife under age 65” the following: “(other than a wife
12 who is receiving such annuity by reason of an election under
13 subsection (h))”.

14 (e) Section 2 of such Act is further amended by adding
15 at the end thereof the following new subsection:

16 “(h) A spouse who would be entitled to an annuity
17 under subsection (e) if she or he had attained the age of
18 65 may elect upon or after attaining the age of 62 to
19 receive such annuity, but the annuity in any such case shall
20 be reduced by one one-hundred-and-eightieth for each cal-
21 endar month that the spouse is under age 65 when the annuity
22 begins to accrue.”

23 SEC. 2. (a) Section 3 (a) of the Railroad Retirement
24 Act of 1937 is amended (1) by striking out “3.04”, “2.28”,
25 and “1.52” and inserting in lieu thereof “3.35”, “2.51”, and

1 “1.67”, respectively; and (2) by striking out “\$200” and
2 inserting in lieu thereof “\$250”.

3 (b) Section 3 (c) of such Act is amended by insert-
4 ing after “or in excess of \$350 for any month after June 30,
5 1954,” the following: “and before July 1, 1957, or in excess
6 of \$400 for any month after June 30, 1957,”.

7 (c) Section 3 (e) of such Act is amended (1) by strik-
8 ing out “\$4.55” and “\$75.90” and inserting in lieu thereof
9 “\$5.00” and “\$83.50”, respectively; (2) by striking out
10 “is less than the amount, or the additional amount” and in-
11 serting in lieu thereof “is less than 110 per centum of the
12 amount, or 110 per centum of the additional amount”; (3)
13 by inserting after “age sixty-five,” the following: “women
14 entitled to spouse’s annuities pursuant to elections made
15 under subsection (h) of section 2 to be entitled to wife’s in-
16 surance benefits determined under section 202 (q) of the
17 Social Security Act,”; and (4) by striking out “such amount
18 of such additional amount” and inserting in lieu thereof “110
19 per centum of such amount or 110 per centum of such addi-
20 tional amount”.

21 SEC. 3. (a) Section 5 (f) (1) of the Railroad Retire-
22 ment Act of 1937 is amended (1) by striking out of the first
23 sentence the following: “who will have died leaving no
24 widow, widower, child, or parent who would on proper appli-
25 cation therefor be entitled to receive an annuity under this

1 section for the month in which such death occurred"; (2) by
2 inserting in the first sentence after "ten times the employee's
3 basic amount" the following: ", but not to exceed a total
4 of \$750,"; and (3) by striking out the fourth sentence.

5 (b) Section 5 (f) (2) of such Act is amended by
6 striking out "and 7 per centum of his or her compensation
7 after December 31, 1946 (exclusive in both cases of com-
8 pensation in excess of \$300 for any month before July 1,
9 1954, and in the latter case in excess of \$350 for any month
10 after June 30, 1954)," and by inserting in lieu thereof the
11 following: "plus 7 per centum of his or her compensation
12 paid after December 31, 1946, and before January 1, 1957,
13 plus $7\frac{1}{2}$ per centum of his or her compensation paid after
14 December 31, 1956, and before January 1, 1958, plus 8
15 per centum of his or her compensation paid after December
16 31, 1957 (exclusive of compensation in excess of \$300 for
17 any month before July 1, 1954, and in excess of \$350 for
18 any month after June 30, 1954, and before July 1, 1957,
19 and in excess of \$400 for any month after June 30, 1957),".

20 (c) Section 5 (h) of such Act is amended by striking
21 out "\$33", "\$176", and "\$15.40" wherever they appear
22 and inserting in lieu thereof "\$36.30", "\$193.60", and
23 "\$16.95", respectively.

24 (d) Section 5 (i) (1) (ii) of such Act is amended by
25 striking out "or in which month he engaged on seven or more

1 different calendar days in noncovered remunerative activity
2 outside the United States (as defined in section 203 (k) of
3 the Social Security Act)” and inserting in lieu thereof the
4 following: “or, having engaged in any activity outside the
5 United States, would be charged under such section 203 (e)
6 with any earnings derived from such activity if it had been
7 an activity within the United States”.

8 (e) Clause (A) (i) of section 5 (l) (9) of such Act
9 is amended by striking out the word “and” appearing after
10 “July 1, 1954,” and by inserting after “June 30, 1954,”
11 the following: “and before July 1, 1957, and any excess
12 over \$400 for any calendar month after June 30, 1957,”.

13 (f) Clause (A) (ii) of section 5 (l) (19) of such Act
14 is amended (1) by inserting “and before 1957” after
15 “1954” where it first appears; (2) by inserting after
16 “\$4,200” where it first appears the following: “, or for the
17 calendar year 1957 is less than \$4,500, or for any calendar
18 year after 1957 is less than \$4,800,”; (3) by striking out
19 “\$350” and inserting in lieu thereof “\$400”; and (4) by
20 striking out “and \$4,200 for the years after 1954, by” and
21 inserting in lieu thereof the following: “, \$4,200 for years
22 after 1954 and before 1957, \$4,500 for the year 1957, and
23 \$4,800 for years after 1957, by”.

24 (g) Section 5 (l) (10) of such Act is amended by
25 striking out “44”, “11”, “\$350”, “\$15.40”, “\$36.66”,

1 “\$27.50”, and “\$14.66” wherever they appear and inserting
2 in lieu thereof “49”, “12”, “\$400”, “\$16.95”, “\$40.33”,
3 “\$30.25”, and “\$16.13”, respectively.

4 SEC. 4. All pensions under section 6 of the Railroad Re-
5 tirement Act of 1937, all joint and survivor annuities and
6 survivor annuities deriving from joint and survivor annuities
7 under that Act awarded before July 1, 1957, and all annui-
8 ties under the Railroad Retirement Act of 1935, are in-
9 creased by 10 per centum.

10 SEC. 5. (a) The amendments made by section 1 (other
11 than subsection (b) thereof), by subsections (a) and (c)
12 of section 2, and by subsections (c) and (d) of section 3
13 shall be effective only with respect to annuities (not includ-
14 ing annuities to which section 4 applies) accruing for months
15 after June 1957. The amendment made by subsection (b)
16 of section 1 shall be effective with respect to annuities ac-
17 cruing during the calendar year 1957 and subsequent cal-
18 endar years. The amendments made by subsections (a)
19 and (b) of section 3 shall be effective only with respect to
20 lump-sum payments (under sections 5 (f) (1) and 5 (f)
21 (2) of the Railroad Retirement Act of 1937) in the case of
22 deaths occurring after June 1957. The amendments made
23 by subsection (g) of section 3 shall be effective only with
24 respect to annuities accruing for months after June 1957 and
25 lump-sum payments (under section 5 (f) (1) of the Railroad

1 Retirement Act of 1937) in the case of deaths occurring after
2 June 1957. Section 4 shall be effective only with respect to
3 pensions due in calendar months after July 1957 and an-
4 nnuities accruing for months after June 1957.

5 (b) All recertifications required by reason of the amend-
6 ments made by this part shall be made by the Railroad Re-
7 tirement Board without application therefor.

8 PART II—AMENDMENTS TO THE RAILROAD RETIREMENT

9 TAX ACT

10 SEC. 201. (a) Sections 3201, 3202 (a), 3211, and
11 3221 of the Railroad Retirement Tax Act are each amended
12 (1) by striking out “after December 31, 1954” wherever
13 it appears and inserting in lieu thereof “after June 30,
14 1957”, and (2) by striking out “\$350” wherever it appears
15 and inserting in lieu thereof “\$400”.

16 (b) Sections 3202 (a) and 3221 of such Act are each
17 further amended by striking out “after 1954” and inserting
18 in lieu thereof “after June 1957”.

19 (c) Sections 3201 and 3221 of such Act are each
20 further amended by striking out “6 $\frac{1}{4}$ percent” and inserting
21 in lieu thereof “7 $\frac{1}{2}$ percent”.

22 (d) Section 3201 of such Act is further amended by
23 striking out the period at the end thereof and inserting in
24 lieu of such period a colon and the following: “*Provided,*

1 That the rate of tax imposed by this section shall be in-
2 creased, with respect to compensation paid after December
3 31, 1969, for services rendered after such date, by a number
4 of percentage points (including fractional points) equal at
5 any given time to the number of percentage points (includ-
6 ing fractional points) by which the rate of the tax imposed
7 with respect to wages by section 3101 at such time exceeds
8 the rate provided by paragraph (2) of such section 3101
9 as amended by the Social Security Amendments of 1956."

10 (e) Section 3211 of such Act is further amended by
11 striking out "12½ percent" and inserting in lieu thereof
12 "15 percent", and by striking out the period at the end
13 thereof and inserting in lieu of such period a colon and the
14 following: "*Provided*, That the rate of tax imposed by this
15 section shall be increased, with respect to compensation paid
16 after December 31, 1969, for services rendered after such
17 date, by a number of percentage points (including frac-
18 tional points) equal at any given time to twice the number
19 of percentage points (including fractional points) by which
20 the rate of the tax imposed with respect to wages by section
21 3101 at such time exceeds the rate provided by paragraph
22 (2) of such section 3101 as amended by the Social Security
23 Amendments of 1956."

24 (f) Section 3221 of such Act is further amended by

1 inserting “(a)” before “In addition”, and by adding at
2 the end thereof the following new subsection:

3 “(b) The rate of tax imposed by subsection (a) shall
4 be increased, with respect to compensation paid after De-
5 cember 31, 1969, for services rendered after such date, by a
6 number of percentage points (including fractional points)
7 equal at any given time to the number of percentage points
8 (including fractional points) by which the rate of the tax
9 imposed with respect to wages by section 3111 at such
10 time exceeds the rate provided by paragraph (2) of such
11 section 3111 as amended by the Social Security Amend-
12 ments of 1956.”

13 SEC. 202. The amendments made by section 201
14 shall, except as otherwise provided in such amendments, be
15 effective only with respect to compensation paid after June
16 30, 1957, for services rendered after such date.

17 PART III—AMENDMENTS TO THE RAILROAD UNEMPLOY-
18 MENT INSURANCE ACT

19 SEC. 301. Section 1 (i) of the Railroad Unemployment
20 Insurance Act is amended by striking out the proviso in
21 the first sentence and inserting in lieu thereof “: *Provided,*
22 *however,* That in computing the compensation paid to any
23 employee, no part of any month’s compensation in excess
24 of \$300 for any month before July 1, 1954, or in excess of
25 \$350 for any month after June 30, 1954, and before July 1,

1 1957, or in excess of \$400 for any month after June 30,
 2 1957, shall be recognized”.

3 SEC. 302. (a) Section 2 (a) of the Railroad Unem-
 4 ployment Insurance Act is amended by striking out the
 5 language between “(i)” and “(ii)” and inserting in lieu
 6 thereof the following: “for each day of unemployment in
 7 excess of four during any registration period, and”.

8 (b) Section 2 (a) of such Act is further amended by
 9 striking out columns I and II and inserting in lieu thereof
 10 the following:

“Column I Total Compensation	Column II Daily Benefit Rate
\$500 to \$699.99	\$4.50
700 to 999.99	5.00
1,000 to 1,299.99	5.50
1,300 to 1,599.99	6.00
1,600 to 1,899.99	6.50
1,900 to 2,199.99	7.00
2,200 to 2,499.99	7.50
2,500 to 2,799.99	8.00
2,800 to 3,099.99	8.50
3,100 to 3,499.99	9.00
3,500 to 3,999.99	9.50
4,000 and over	10.20”.

11 (c) The proviso in such section 2 (a) is amended by
 12 striking out “50” and “\$8.50” and inserting in lieu thereof
 13 “60” and “\$10.20”, respectively.

14 SEC. 303. Section 2 (c) of the Railroad Unemployment
 15 Insurance Act is amended by striking out the period at the
 16 end thereof and inserting in lieu of such period a colon and
 17 the following: “*And provided further, That, with respect*

1 to an employee who has five or more years of service as de-
 2 fined in section 1 (f) of the Railroad Retirement Act of
 3 1937, who did not voluntarily leave work without good
 4 cause or voluntarily retire, and who had current rights to
 5 normal benefits for days of unemployment in a benefit year
 6 but has exhausted such rights, the benefit year in which such
 7 rights are exhausted shall be deemed not to be ended until
 8 the last day of the extended benefit period determined under
 9 the following schedule, and the maximum number of days
 10 of, and amount of payment for, unemployment within such
 11 benefit year for which benefits may be paid to the employee
 12 shall be enlarged to include all compensable days of unem-
 13 ployment within such extended benefit period:

	The extended benefit period shall begin on the first day of unemployment following the day on which the employee exhausted his then current rights to normal benefits for days of unemployment and shall continue for successive fourteen-day periods (each of which periods shall constitute a registration period) until the number of such fourteen-day periods totals—	
“If the employee’s ‘years of service’ total—		
5 and less than 10-----		39
10 and less than 15-----		65
15 and less than 20-----		91
20 and over-----		117

14 but no such extended benefit period shall extend beyond the
 15 beginning of the first registration period in a benefit year
 16 in which the employee is again qualified for benefits in
 17 accordance with section 3 of this Act on the basis of com-
 18 pensation earned after the first of such successive fourteen-
 19 day periods has begun. For an employee who has five or

1 more years of service, who did not voluntarily leave work
2 without good cause or voluntarily retire, who has fourteen
3 or more consecutive days of unemployment, and who is not
4 a 'qualified employee' for the general benefit year current
5 when such unemployment commences but is or becomes a
6 'qualified employee' for the next succeeding general benefit
7 year, such succeeding benefit year shall, in his case, begin
8 on the first day of the month in which such unemployment
9 commences."

10 SEC. 304. Section 3 of the Railroad Unemployment In-
11 surance Act is amended by striking out "\$400" and inserting
12 in lieu thereof "\$500".

13 SEC. 305. Section 4 (a-2) of the Railroad Unemploy-
14 ment Insurance Act is amended by striking out subdivision
15 (iv), and by striking out the semicolon at the end of sub-
16 division (iii) and inserting in lieu thereof a period.

17 SEC. 306. Section 8 (a) of the Railroad Unemployment
18 Insurance Act is amended (1) by inserting after "June 30,
19 1954" where it first appears the following: " , and before
20 July 1, 1957, and is not in excess of \$400 for any calendar
21 month paid by him to any employee for services rendered to
22 him after June 30, 1957"; (2) by inserting after "June 30,
23 1954" where it appears for the second time the following:
24 " , and before July 1, 1957, and to not more than \$400 for
25 any month after June 30, 1957"; (3) by inserting after

1 “June 30, 1954” where it appears for the third time the
 2 following: “, and before July 1, 1957, or less than \$400 if
 3 such month is after June 30, 1957”; (4) by striking out
 4 “1947” in paragraph 2 and inserting in lieu thereof “1957”;
 5 and (5) by striking out the table (except the column head-
 6 ings) in such paragraph 2 and inserting in lieu thereof the
 7 following:

“\$450,000,000 or more-----	2 percent
\$400,000,000 or more but less than \$450,000,000-----	2½ percent
\$350,000,000 or more but less than \$400,000,000-----	3 percent
\$300,000,000 or more but less than \$350,000,000-----	3½ percent
Less than \$300,000,000-----	4 percent”.

8 SEC. 307. Section 8 (b) of the Railroad Unemployment
 9 Insurance Act is amended (1) by striking out “3 per
 10 centum” and inserting in lieu thereof “4 per centum”; and
 11 (2) by inserting before the period at the end of the first
 12 sentence the following: “, and before July 1, 1957, and as
 13 is not in excess of \$400 paid to him for services rendered as
 14 an employee representative in any calendar month after
 15 June 30, 1957”.

16 SEC. 308. The amendments made by sections 302, 303,
 17 and 305 shall be effective with respect to benefits accruing in
 18 general benefit years which begin after the benefit year
 19 ending June 30, 1957, and in extended benefit periods
 20 which begin after December 31, 1956. The amendment
 21 made by section 304 shall be effective with respect to base

1 years after the base year ending December 31, 1956. The
2 amendment made by clause (1) of section 307 shall apply
3 with respect to compensation paid for services rendered in
4 calendar months after June 30, 1957.

A BILL

To amend the Railroad Retirement Act of 1937, the Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act, so as to provide increases in benefits, and for other purposes.

By Mr. MORSE, Mr. MURRAY, Mr. NEELY, Mr. KENNEDY,
Mr. NEUBERGER, Mr. COOPER, Mr. BEALL, Mr. YOUNG,
Mr. HILL, Mr. HENNING, Mr. BARRETT, Mr. Mc-
NAMARA, Mr. MAGNUSON, Mr. HUMPHREY, and Mr.
IVES

FEBRUARY 20 (legislative day, FEBRUARY 18), 1957
Read twice and referred to the Committee on Labor
and Public Welfare

Mr. O'CONNOR. And, the implication being, I take it, that this would strengthen the hand of Russia in world affairs?

Mr. POTTER. No question about it. It is the old question of whether the United Nations, which really is an instrument for peace, can be a successful instrument for peace if we can allow countries to shoot their way in. So I believe it is a very important policy question. Time and time again, the Congress and the administration have enunciated their position that we won't stand by and allow Red China to shoot their way into the U. N. By the same token, we can't allow this to happen through the back door by opening up economic trade with Red China, which would give them the political recognition they don't have now.

Mr. O'CONNOR. Do you feel that we would have anything to gain at all by opening the door to trading with Red China?

Mr. POTTER. No; not only do I feel that we would have nothing to gain. I feel that it could put us in a most awkward international political position. I think we would then be telling the entire world that the United States has changed its policy. That we are not concerned how a country gains this national recognition, even if it is by shooting their way into the U. N. We also would, by that token, discard the relationship we have had with Nationalist China, and Nationalist China has been a symbol to the free Asiatic people throughout the world. By doing that I think the Communist other world would gain a political advantage.

Mr. O'CONNOR. Is there much clamor in Congress, Senator, for trading with Red China?

Mr. POTTER. Very little.

Mr. O'CONNOR. Very little. How about from the grassroots, so to speak, back home? Do you receive much correspondence on it?

Mr. POTTER. No; as a matter of fact I can't recall ever receiving over 2 or 3 letters in an entire year.

Mr. O'CONNOR. So that your conclusion definitely is that we have nothing to gain and everything to lose by trading with Red China?

Mr. POTTER. That is absolutely right.

Mr. O'CONNOR. Thank you, Senator POTTER.

AID FOR OLDER AMERICANS

Mr. PROXMIRE. Mr. President, yesterday I hopefully said on the floor that by now the Senate would have passed a social security improvement bill. That hour was brought closer by yesterday's action, but we have yet to do the job. I hope today will be the day the old people of the Nation will finally see their hopes fulfilled. It is immensely gratifying to me to see this moment. Since July 18, I have spoken every day to get action on this vital matter.

An immense and important task faces this Nation in the immediate future—adequate insurance for its senior citizens. We have the largest percentage of old people in this country that we have ever had, and the number is growing rapidly.

At the same time our central problem is how to take full advantage of the abundance of this Nation. In many, many other countries throughout the world, the problem is one of dividing scarcity. Our problem is one of sharing abundance. Yet our old people, in spite of our great abundance of production, do not share in it, and are not as well off as those in other countries, in terms of our national income.

We have tremendous surpluses of food to dispose of. We worry about keeping our tremendous productive capacity fully

employed. We cannot find enough markets for what we can produce. And there is every indication that our productivity will continue to grow more rapidly than our population.

Mr. President, with such wealth, with such abundance, there is simply no excuse for allowing anyone to go hungry. The American people are generous. The American people do not want to fail to provide for our aged citizens, to allow them to go hungry and insecure in the midst of our great wealth.

Yet that is exactly what is happening in this country. In Milwaukee the cost of living is so high that the social-security benefits are little more than one-half of the minimum cost of the necessities of life, according to responsible Milwaukee agencies.

Millions of our old people are living in terrible hardship and poverty. While tons and tons of surplus food piles up in our storehouses, our older workers suffer want and despair.

The parents and grandparents of this Nation should be living in comfort. They should be living in dignity and with peace of mind. But literally millions of them live in daily dread of the wolf at their door.

Many old people are forced to supplement their inadequate social-security benefits to avoid starvation. With 5½ million breadwinners out of work, jobs are next to impossible for an older person to find.

Thousands and thousands of old people are forced to live with their children or relatives. This imposes a terrific hardship and financial burden on young couples who, themselves, are hard pressed to provide for their own families. Worst of all, many old persons must depend on private or public charity to survive at all.

Is this, Mr. President, a proper way to live out one's retirement, the years we have named the golden years? It is of the very greatest urgency and importance that the Senate act to increase social-security benefits today.

A BLOW TO THE TVA

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from this morning's issue of the New York Times entitled "A Blow to TVA."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A BLOW TO TVA

To meet the steady growth in demand for electric power in its recognized territory the Tennessee Valley Authority estimates it needs about 800,000 kilowatts of new generating capacity annually. Yet the administration and Congress have become increasingly reluctant to grant funds for expanded power facilities, and, in fact, none at all have been appropriated since 1953 to start construction of new generating units.

The authority has recently been financing additional capacity out of uncommitted power revenues, but this source will clearly be insufficient to meet the rapidly rising need. For some 3 years now TVA has been vainly trying to get Congress to give it the right to issue its own revenue bonds for this purpose. The Senate passed such a bill last year by the overwhelming vote of 61 to 20, and the House

Public Works Committee has just approved a similar measure, incidentally turning down President Eisenhower's request that certain restrictions be written into the bill.

However, it is now buried in the House Rules Committee, where TVA's enemies hope not only to kill it for the session but even to prevent the House from voting upon it. The TVA needs this authority and the Tennessee Valley needs the additional power capacity it would provide. Failure of the Rules Committee to act fits in perfectly with the desire of powerful forces that would still like to strangle TVA despite its quarter century of successful contribution to the welfare, prosperity, and defense of the Nation.

Mr. KEFAUVER. I wish to emphasize, as pointed out in the thoughtful editorial of the New York Times, that the Tennessee Valley Authority is of tremendous benefit to the United States and is a fine example of how a great river can be harnessed for the benefit of people, which is being exemplified in many nations of the world.

The private power lobby and many people objected to direct appropriations for the construction of dams and steam plants by the Tennessee Valley Authority. The private power lobby said that TVA should be put on a self-financing basis. Therefore, beginning in 1953, the Tennessee Valley Authority has had no appropriation from Congress for major projects such as a steam plant or hydro-electric facilities. The President at that time recommended that the TVA be authorized to issue its own bonds and finance itself. The TVA and those of us who support the TVA are perfectly willing to do exactly that.

In spite of our efforts to have a self-financing bill passed through Congress, such a bill has not become a law. A good bill was passed by the Senate in the last session. My colleague from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. KERR], the Senator from Kentucky [Mr. COOPER], and the Senator from South Dakota [Mr. CASE] and many other Senators played an important part in its preparation and passage. The bill is now stymied in the Rules Committee of the House. The proposed legislation has been fought by the private power lobby, which I think shows the real attitude of that group. First that group did not want appropriations from Congress for the TVA, and now, when the TVA is trying to get a plan approved to finance itself, they oppose even that.

The editorial concludes by stating that the proposed legislation is probably dead for the present session of Congress. I hope, Mr. President, in the interest of protecting this great investment and of enabling the TVA to go forward on the basis of financing itself, the chairman and the other members of the Rules Committee of the House may yet grant a rule so that the Members of the House can at least consider this important bill which is of vital importance to the Tennessee Valley, and which I think is the best example of building up the resources of our Nation in a democratic way.

DEATH OF GORDON DEAN

Mr. GORE. Mr. President, I was shocked and deeply grieved to learn this morning of the tragic death of my friend and relative, Gordon Dean, the former

Chairman of the Atomic Energy Commission, at about midnight last night. The tragedy of his death calls attention to the quality of his citizenship and his service to his country. Gordon Dean brought to public service an ability, an awareness of public service, an administrative capacity, and a quality of patriotism, which are all too rare.

Under his leadership the carrying out of the atomic-energy program made great progress. Under his leadership the cooperation between that independent agency and the Congress of the United States was all that could be desired. He recently finished service on a panel for the Joint Committee on Atomic Energy, on which once again he contributed valuable and valiant service.

I know the Senate joins me in grief at his passing, and will join in the extension of sympathy to his bereaved wife, my cousin Mary, and the two little children he leaves behind.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. KEFAUVER. I join my colleague in expressing great sorrow over the untimely death of one of our finest American citizens. Gordon Dean was an outstanding administrator of the Atomic Energy Commission at the time it was started, and directed it on a most useful course.

Another important thing about Gordon Dean was that his interest in public affairs did not diminish after he left the Government service. Whenever he was called upon as a private citizen to render some service of benefit to his Nation or the world he always responded. He was always glad to help, and to discuss with Members of the House and Senate problems with respect to which he had superior knowledge.

There have not been very many men of the caliber and ability of Gordon Dean. The Nation has suffered a great loss.

It has been my pleasure also to know his wonderful wife, who is a kinswoman of my colleague from Tennessee, and I join in expressing deep sympathy to her and to other members of the family.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. Mr. President, I ask unanimous consent that I be allowed 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. I now yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I join the Senator from Tennessee in paying respect to the memory of Gordon Dean. When I come to evaluate the wealth any person can have in life, I always come to the conclusion that one's greatest treasure is to be found in his friends. Gordon Dean was a close friend of mine. He happened to be my superior officer in the Department of Justice from 1936 to 1938. He was a brilliant lawyer and a very able administrator. I think history will record that his work on the Atomic Energy Commission was very fruitful in laying the foundation for a sound atomic energy program.

Gordon Dean was the type of friend who performed friendly services far beyond the right of anyone to expect from a friendship. He was very helpful to me in two of my campaigns, in connection with raising campaign contributions in the East.

I knew him to be a man of high idealism, a dedicated, religious man, and, incidentally, a man of high academic standing. He was a fine teacher. He had great faith in the youth of America.

Mrs. Morse and I want Mrs. Dean to know that our sympathies are with her, and she has our fervent prayers that she may be granted strength during this ordeal.

Mr. MONRONEY. Mr. President, I wish to join my colleague in expressing a deep sense of personal loss and national loss by the death of Gordon Dean in an airplane crash at Nantucket last night.

I knew Gordon Dean when he was a member of the Atomic Energy Commission, and I was familiar with the manner in which he discharged his great responsibility as Chairman of that Commission. I knew him after he left the Government. I place emphasis on his dedication to public service. Although he left Government work, his interest in the continuing development of atomic energy for peacetime use was sustained, and he made great sacrifices in addressing conventions and other gatherings and groups, to impress upon them the necessity of making the atom man's best servant instead of man's greatest instrument of destruction.

I express my sympathy to his wife and their two children, who survive him. The Nation can ill afford to lose the kind of dedication to public service and the leadership which Gordon Dean always displayed.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. CASE of South Dakota. I should like to add my personal word of tribute to the life, character, and service of Gordon Dean. It was my privilege to know something of his work on the Atomic Energy Commission. His service there was of a high order, reflecting intelligence, industry, patriotism, and a spirit of devotion to the public welfare. The country can ill afford to lose men of his quality at this time.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. COOPER. I should like to join my friend from Tennessee in an expression of regret at the passing of Gordon Dean.

It was my good fortune to meet him when I first came to Washington in 1947. I have had the happy pleasure of seeing him many times since 1947. He was a friend of my brother Don Cooper in college, and their friendship had been maintained throughout the years.

I am sure that when the history of the development of atomic energy is known to all our people, the contribution of Gordon Dean toward its development will be regarded as one of the great contributions in that field.

As has been said, after leaving the Government service he never failed to fulfill his responsibility as a citizen.

I have the good fortune to know his wife, a cousin of the junior Senator from Tennessee. We all join in extending to her our heartfelt sympathy.

Mr. GORE. Mr. President, on my own behalf and on behalf of members of the family, I appreciate the generous remarks of my colleagues. The passing of Gordon Dean has been an untimely one. The life which was so tragically ended, however, has been one for which the entire country can be thankful, and in which it can take great pride.

The PRESIDING OFFICER. Is there further morning business?

SOCIAL SECURITY AMENDMENTS OF 1958

Mr. MORSE. Mr. President, I wish to send to the desk an amendment to the pending bill, and to make a brief explanation as to why I am offering it.

The PRESIDING OFFICER. Morning business is still in order.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the morning business is concluded, debate on the Yarborough amendment be limited to 30 minutes to a side, the time to be divided and controlled by the sponsor and the minority leader.

The PRESIDING OFFICER. Is there objection to the unanimous consent agreement proposed by the majority leader?

Mr. MORSE. Mr. President, reserving the right to object—and I shall not object—I objected to this proposal last night, as the RECORD shows. I have talked with the junior Senator from Texas [Mr. YARBOROUGH] and he has expressed the wish that his amendment be so handled. I am very happy to agree to the unanimous consent request with respect to this amendment, with the distinct understanding that I reserve all my rights with respect to any future unanimous consent proposals with regard to any other matter.

Mr. President, I wish to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I should like to make a brief statement about the amendment which I propose to offer to the bill, because I think such a statement should be matter of record before discussion of the Yarborough amendment is resumed. May I make such a statement during the morning hour, or is unanimous consent necessary?

The PRESIDING OFFICER. A Senator may rise during the morning hour and speak for 3 minutes on any subject he desire to address himself to.

Mr. MORSE. Three minutes is all I need. I have no objection to the proposed unanimous consent agreement.

The PRESIDING OFFICER. Is there objection to the proposed unanimous consent agreement?

Mr. CASE of South Dakota. Do I understand that the proposed unanimous consent agreement has the approval of the minority leader?

Mr. JOHNSON of Texas. It does. Last night, in consultation with the minority leader, the Senator from Minnesota, and the junior Senator from Texas [Mr. YARBOROUGH], we proposed the agreement. It was objected to at that time by the senior Senator from Oregon. He has now withdrawn his objection. I am proposing the agreement again.

Mr. CASE of South Dakota. Does it have the approval of the distinguished Senator from Pennsylvania [Mr. MARTIN], the ranking minority member of the committee?

Mr. JOHNSON of Texas. I would assume it has, in light of the minority leader's attitude.

Mr. CASE of South Dakota. Will the Chair have the agreement stated?

Mr. JOHNSON of Texas. It amounts to limiting the debate on the Yarborough amendment to 30 minutes to each side.

The PRESIDING OFFICER. It is the understanding of the Chair that the agreement would limit debate on the pending amendment to 30 minutes to each side.

Mr. JOHNSON of Texas. Yes; to be controlled by the proposer of the amendment and the minority leader.

The PRESIDING OFFICER. Is there objection to the proposed unanimous consent agreement?

The Chair hears none, and the order is entered.

Mr. MORSE. Mr. President, I send to the desk, as an amendment to the social-security bill, S. 1313. I send it to the desk with the comments I am about to make.

I have just come from conference with a group of people who are vitally interested in S. 1313. They say a problem exists in connection with getting House action on S. 1313 in accordance with what they alleged was their honest belief a commitment was made to them on the House side that the bill would be brought up in the House under a suspension of the rule.

I speak on this matter as chairman of the Subcommittee on Railroad Retirement. I am aware that terrific pressure is being brought to bear on Congress in these closing days of the session in opposition to S. 1313. It is my position, however, that we ought to vote it up or down. I propose to do everything I can, from now until the adjournment hour, to get a vote on S. 1313, and I shall use every parliamentary rule available to me to get a yea-and-nay vote on S. 1313.

The history of S. 1313, on a thumb-nail, is this: In 1956 Congress passed legislation which had to do with railroad retirement. However, it failed to provide funds to take care of the deficit which would exist in the railroad retirement fund. It was understood among us that at the next session of Congress, which was the 1st session of the 85th Congress, legislation would be passed which would take care of that deficit. I believe it is our obligation to see that that is done.

Last year and again this year the Railroad Retirement Subcommittee spent hours and days, yes, if we were to add it all up, even weeks on this difficult matter. We have come out of my subcommittee this year and out of the Committee on Labor and Public Welfare with S. 1313.

I should like to make it perfectly clear that my major premise involves this question: What is a fair retirement program for the railroad workers? I submit S. 1313 is such a program. If it is a fair program, I do not propose to oppose that program on the basis of the argument that the railroad workers and even the retired railroad employees should subsidize the carriers on the ground that the carriers now claim they cannot afford a fair retirement system.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. I ask for an additional 3 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Oregon may proceed for an additional 3 minutes.

Mr. MORSE. If the railroads, in order to supply the people of the country with the continuing transportation, which is essential to national defense, need a further subsidy along the lines of the Smathers bill which was passed during this session of Congress, I will vote for it. However, we have just finished putting through Congress a handout to the railroads in the form of the Smathers bill. I voted for it, because it was a just bill. If the railroads need a subsidy in order to build the boxcars necessary to take care of the defense needs of the Nation, as I said to the President of the Pennsylvania Railroad, Mr. Symmes, when he was on the witness stand 3 weeks ago today in my subcommittee, I will vote for such a subsidy. I will vote for any subsidy the railroads need to meet national defense needs.

I have voted millions of dollars of subsidy to railroads abroad. So has every Senator who has voted for foreign aid. We voted to build, at 100 percent of the cost, the railroad terminal in Rome, Italy. That cost the American taxpayers between \$3 million and \$4 million. I was for it. I would do it again. I believe it was a very effective expenditure against the spread of communism in Italy.

What I wish to point out is that we have subsidized railroads in other countries with foreign-aid money so far in excess of what the railroads in this country need that I am ready to vote whatever subsidy is necessary to the carriers in order to meet their defense costs.

It is interesting to note, as the transcript of the hearings will show, that the president of the Pennsylvania Railroad and I agree on this point.

Thousands and thousands of old railroad people on retirement cannot begin to live on the retirement allowance granted to them. They are entitled to the relief which S. 1313 would give them. The social-security bill is the most appropriate bill to which to attach my amendment, if we cannot get action on S. 1313 as separate legislation.

At a later hour today, I shall proceed to discuss at some length my reasons for supporting S. 1313, and offer it as an amendment to the bill.

The PRESIDING OFFICER. Is there further morning business?

Mr. GOLDWATER. Mr. President, I should like to ask a question of the distinguished Senator from Oregon.

Mr. MORSE. I yield.

Mr. GOLDWATER. In the event the distinguished Senator from Oregon offers S. 1313 as an amendment to the social-security bill, would he entertain an amendment to his amendment which would make the tax date coincide with the date of the amendment?

Mr. MORSE. The Senator from Arizona knows, as a member of our full committee, that we discussed the matter rather thoroughly in committee. We decided against it for this major reason: The fund will not be in jeopardy as a result of our bill. We thought it was important to fix a date certain when the tax would automatically apply. We did not do that in 1956. In my opinion we made a mistake. I believe the 1956 legislation should have fixed a date certain. If we had done it, we would not have the problem before us today. What we have done this year is to fix a date certain for the automatic application of the tax.

Why did we not fix the date as that of the enactment of the act or the date the act was to take effect?

It was because most of us, after listening to the testimony of carriers with respect to the effect the immediate operation of the tax would have felt that they had reasonable grounds to believe and predict that an upturn will take place in their business within the next year or 18 months. After we heard such testimony, we decided that we could defer the application of the tax until the predicted upward business swing took place. We postponed the effective date of the tax only out of consideration for the carriers.

I wish to be frank with the Senator. There is much that can be said in support of the view he takes. A couple of other members of the committee took the same view in committee, namely, that we must face the reality now and apply the tax immediately. Unless we can follow the argument that the postponement is a part of the antirecession railroad program, so to speak, there is great merit in the Senator's position.

I do not think that any harm will be done by adopting the deferment date. Therefore, I intend to stand with the majority of the committee for the deferment date.

Mr. GOLDWATER. That is the reason I asked the question. That is my chief objection to S. 1313. I agree with the Senator from Oregon that the retired railroad employees need an increase in their pensions. In fact, in the 83d Congress, as the Senator from Oregon may remember, I argued that point. I opposed giving benefits to the working railroad employees when the retired railroad employees would not benefit. They did not benefit then, and neither have they benefited since that time.

My chief concern is based on a desire for sound fiscal policies. That fund, up until recent years, has been a very—I will not say “very,” but it has been a sound fund when compared with other retirement funds which are either administered or are controlled by the Federal Government.

I would not like to see Congress place the railroad retirement fund in jeopardy by designating a period of from a few months to a year and a few months during which no taxes would be collected to meet the increased benefits.

I shall be perfectly willing to listen to the debate on the question, because I might offer an amendment to the amendment. However, I shall discuss it with the Senator from Oregon before I do so, because, while I do not desire to jeopardize the chances of the retired railroad employees getting an increase in benefits, I want to maintain my position of insisting on the soundness, if it can be obtained, of these funds.

Mr. MORSE. I understand the Senator's viewpoint. I think, in fairness to our committee, it should be pointed out that the deferment date was voted only after we checked with the Railroad Retirement Board and its actuaries in regard to the effect of a deferment. I think it is fair to say that the RECORD shows the deferment date was selected on the basis, not of their recommendations, let me make clear, but on the basis of the findings of the experts of the Railroad Retirement Board that the fund would not be jeopardized if we operated on the basis of a deferment.

Mr. GOLDWATER. I thank the Senator from Oregon. If I offer such an amendment, I shall certainly discuss with him the advisability of doing so.

SOCIAL SECURITY AMENDMENTS OF 1958

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Texas [Mr. YARBOROUGH].

Mr. JOHNSON of Texas. Mr. President, before the time limitation on the amendment begins, I suggest the absence of a quorum, with the understanding that the time for the quorum call will not be charged to either side.

The PRESIDING OFFICER. The clerk will call the roll. The understanding is that the time for the quorum call will not be charged to either side.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KEFAUVER in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. I understand that under the unanimous-consent agreement, the distinguished junior Senator from Texas [Mr. YARBOROUGH], the author of the amendment, controls the time of Senators who wish to speak in favor of the amendment; and the distinguished minority leader [Mr. KNOWLAND] controls the time of Senators who wish to speak in opposition to the amendment. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. I further understand that the Senate is now proceeding under the time limitation provided by the agreement. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. YARBOROUGH. Mr. President, on the question of agreeing to the amendment which I have proposed, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. REVERCOMB. Mr. President, I rise to a parliamentary inquiry.

Mr. YARBOROUGH. Mr. President, I yield for that purpose to the Senator from West Virginia; and I ask unanimous consent that the time required for his parliamentary inquiry not be charged to the time available to me under the terms of the unanimous-consent agreement.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. REVERCOMB. Mr. President, my parliamentary inquiry is as follows: As I understand, the unanimous-consent agreement, which limits to 1 hour the time available for debate, applies only to debate on the amendment of the junior Senator from Texas [Mr. YARBOROUGH], and does not extend beyond that amendment. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. REVERCOMB. I thank the Chair.

Mr. CURTIS. Mr. President, will the Senator from Texas yield at this time to me, with the understanding that the time required for that purpose not be charged to the time available to him under the provisions of the unanimous-consent agreement?

Mr. YARBOROUGH. I yield, with that understanding.

Mr. CURTIS. I so request, Mr. President.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I ask unanimous consent that the Senate temporarily lay aside the further considera-

tion of the amendment submitted by the Senator from Texas [Mr. YARBOROUGH], without causing him to lose the floor, and do so for the limited purpose of permitting me to submit, without debate, an amendment which I understand is acceptable to the authors of the bill and to the Department.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. Mr. President, reserving the right to object—and certainly I wish to cooperate with my friend, the Senator from Nebraska—I must state that I cannot bind myself in advance, without knowing what is provided by the amendment referred to. It may be that the Department likes the amendment, and it may be that other Senators like the amendment; but I wish to have an opportunity to examine and consider the proposed amendment, rather than to bind myself, in advance, to its adoption.

Mr. CURTIS. Mr. President, I withdraw the request.

The PRESIDING OFFICER. The request of the Senator from Nebraska is withdrawn.

Mr. YARBOROUGH. Mr. President—

The PRESIDING OFFICER. How much time does the Senator from Texas yield to himself?

Mr. YARBOROUGH. I yield myself 12 minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 12 minutes.

Mr. YARBOROUGH. Mr. President, the amendment was submitted on yesterday by me, on behalf of myself, the Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Oregon [Mr. NEUBERGER], the senior Senator from Oregon [Mr. MORSE], the Senator from South Carolina [Mr. JOHNSTON], and the Senator from Louisiana [Mr. LONG].

The amendment is proposed to House bill 13549, which would increase the social-security payments and the public-welfare payments. The amendment is directed only to the portion of the bill which would increase the social-security payments.

The bill, as passed by the House of Representatives, and as reported by the Senate committee, provides for a 7-percent increase in the social-security payments. Both the House version of the bill and the Senate committee version of the bill provide for an increase in the social-security payroll tax from 2¼ to 2½ percent. But the increased tax revenues thus obtained would not be used by means of the provisions of the House version and the Senate committee version of the bill, because it was the purpose of both versions not only to increase the benefits, but also to improve the actuarial status of the fund.

My amendment does not provide for using for increased benefit payments all the money which would be obtained by means of the increased taxes which would be levied in accordance with the provisions of the bill as passed by the House and as reported by the Senate committee. The amendment I propose would increase the payments, but would

leave part of the new tax money, thus raised, to be used to help improve the actuarial status of the fund. Thus, the fund would be in good shape.

The statistics which were presented on the floor, last evening, by the distinguished junior Senator from Louisiana [Mr. Long] show that if the amendment I propose is defeated, by the year 2000, the fund will have in it actuarially, according to computation made by the Department of Health, Education, and Welfare, the stupendous sum of \$163 billion.

If the amendment I propose is adopted, then, according to the computation of the Board, the Government agency which administers the fund, by the year 2000 the fund will have in it the sum of \$117 billion. The table which shows those figures was placed in the RECORD last evening by the junior Senator from Louisiana [Mr. Long]. The table was received from the Department of Health, Education, and Welfare. So the fund then would be actuarially sound.

My amendment will cause a portion of the increased tax revenues thus obtained to be used now to increase the payments. But the amendment will leave a portion of the increased tax revenues to be applied to what almost everyone agrees will be an actuarial deficit in the fund. My amendment will do that at a slower rate than that at which it would be done by the bill as reported by the Senate committee.

Mr. President, these payments are needed.

First of all, let us consider what my amendment provides. It provides for increasing by 10 percent the amount of the payments to the beneficiaries of the fund. The committee has proposed a 7-percent increase.

In terms of the money which the beneficiaries receive, and on which they must live, what will the adoption of my amendment mean? Today, the average payment made under the Social Security Act to retired workers is \$64.10 a month. The average payment to the widows of retired workers is \$51 a month. If we average all the types of social security payments—those to retired workers, those to the children of deceased workers, those to the widows of deceased workers, those to the grandparents who are entitled to receive the payments; in other words, if we average all types of payments thus made, we find that the average payment made today by the Federal Government is \$54.40.

If the 7-percent increase voted by the House of Representatives and recommended by the Senate committee is made, the payments will be increased by the amount of \$3.71 a month, in the case of the average social-security payment of \$54.40 a month. If the 10-percent increase which my amendment proposes is made, the average social-security payment will be increased by \$5.44 a month. In other words, under the provisions of my amendment, the increase in the average monthly payment will be \$5.44 a month, instead of \$3.71 a month. My amendment will increase by \$20.76 a year—a small amount—the amount the average recipient receives.

I know that when the Members of the Senate return to their home States, they will find that these elderly people are having a desperate time in trying to make ends meet. As they grow older, they need more medicines, which, on the average, cost \$3, \$4, or \$5 a bottle; and the more expensive medicine costs a great deal more than that. These elderly people are unable to purchase sufficient medicine with the low payments they now receive.

We request only a modest increase. It will be possible for the proposed 10 percent increase to be paid from the tax revenues raised by means of the provisions of the House version of the bill and the Senate committee's version of the bill; and part of those additional tax funds will remain, to be applied to the actuarial deficit.

Mr. PASTORE and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield, and if so, to whom?

Mr. YARBOROUGH. I yield 1 minute to the Senator from Rhode Island [Mr. PASTORE], not out of the 12 minutes which I have allotted to myself, but out of the overall 30 minutes on my amendment.

Mr. PASTORE. I compliment the distinguished Senator from Texas for the excellent presentation of his amendment. Is it his firm conviction, after study, that the fund can sustain the increase of 10 percent?

Mr. YARBOROUGH. Yes; it can.

I have in my hand an explanation and a detailed analysis from the Legislative Reference Service of the Library of Congress. While time under the unanimous-consent agreement will not permit me to read in full the explanation, I ask unanimous consent that it may be printed in the RECORD. I will insert the report later in my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. YARBOROUGH. I yield to the Senator from Rhode Island.

Mr. PASTORE. I am very happy to support the amendment of the distinguished junior Senator from Texas.

Mr. President, I ask unanimous consent that the name of the junior Senator from Rhode Island may be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Tennessee.

Mr. President, I request unanimous consent that the distinguished Senator from Tennessee may be granted 2 minutes at this point. I have not quite completed my 12 minutes.

The PRESIDING OFFICER. Without objection, the Senator from Tennessee is recognized for 2 minutes.

Mr. CASE of South Dakota. Mr. President, reserving the right to object, I understand the time is to be taken out of the time under the agreement.

The PRESIDING OFFICER. That is correct, out of the time of the Senator from Texas.

Mr. KEFAUVER. I congratulate the junior Senator from Texas for presenting this amendment, and for his arguments in support of it. I think anyone who has recently visited persons receiving social-security benefits must realize it is almost impossible for them to survive on their present payments. The amendment proposes a modest increase, which the additional tax will allow.

As I understand, the present payments were set in 1954 and they were set too low, in my opinion. Is that not correct?

Mr. YARBOROUGH. That is correct.

Mr. KEFAUVER. Is it not true that since 1954 there has been more than a 10-percent increase in the cost of living, according to statistics of the Labor Department?

Mr. YARBOROUGH. The increase has been far more than 7 percent. I think the distinguished Senator from Tennessee is correct. There has been an 8-percent increase in the past 2 years.

Mr. KEFAUVER. I know it has been more than 10 percent. So all the Senator's amendment would really do would be to bring the payments, which were low to begin with, in line with the increased cost of living. I think it is fair to point out that with the increase in the price of steel and other items, we can anticipate further inflation.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. I yield 1 further minute to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 1 additional minute.

Mr. KEFAUVER. There will be further inflation before we can ever get around to considering again increasing the benefits under the social-security legislation.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Washington.

Mr. MAGNUSON. I merely wanted to ask unanimous consent and the permission of the junior Senator from Texas to add my name as a cosponsor of the amendment.

Mr. YARBOROUGH. I am happy to have the cosponsorship of the distinguished senior Senator from Washington.

Mr. MAGNUSON. When I came into the Chamber the junior Senator from Texas was mentioning the small fixed incomes which elderly people have. In addition, usually, elderly persons need more medical care than others, and much of their income goes to pay for drugs and other medical care.

The junior Senator from Texas gave very valuable help to the Committee on Interstate and Foreign Commerce when, about a year ago, we directed the Federal Trade Commission to look into the exorbitant prices being charged persons in this category and the cost to them of new drugs which are so vital. The re-

sults of that investigation came out last week, and they proved we were correct in our premise that the prices charged were exorbitant, and that the cost of medical care could eat up a large percentage of the income of these people.

The result was that about six chemical concerns were indicted. I think there may be other indictments. So we were rendering yeoman service in that respect. The Senator from Texas pointed out that approximately 50 percent of the income of persons in the category we are discussing was used in paying for drugs which bring 500, 600, and 700 percent profit to companies which sell the drugs.

Mr. YARBOROUGH. I thank the distinguished senior Senator from Washington for his very valuable contribution on the question of the expense of medical care for the people we are seeking to assist.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that my name may be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. I wish to point out that we have given the average amount per month per person under social security. Statistics show that as to the 11 million people on social security, 1 out of every 5 retired couples, 1 out of every 4 single retired workers, and 1 out of every 3 aged widows, have no other source of income, or, even if they have additional income, it is, on the average, less than \$75 a year.

One-fourth of the retired couples and one-third of the single retired workers received all their income from old-age pensions. In the case of widows they receive supplementary payments, simply because social security payments are lower than old-age payments.

In spite of the belief of many persons, social-security benefits are not so high as old-age benefits. Social security payments have to be supplemented to keep people from starving. I have asked what the cost will be under the bill as reported by the Senate committee, providing for increases in payroll taxes. It is fifty-seven one-hundredths of 1 percent. As passed by the House, and as it went through the Senate committee, the additional benefits would use twenty-five one-hundredths of 1 percent of the additional tax money raised. The fund is to that extent overfinanced.

If my amendment shall be adopted, it will use up another twenty-five one-hundredths of 1 percent of the payroll tax. The plan will still be overfinanced to the extent of seven one-hundredths of 1 percent. The additional tax as voted by the House and Senate committee will result in leaving \$17½ million a month to be put into the fund to make the fund actuarially sound.

The PRESIDING OFFICER. The time the Senator has allotted to himself has expired.

Mr. CASE of New Jersey. Mr. President, will the Senator yield me 1 minute?

Mr. YARBOROUGH. I yield 1 minute to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 1 minute.

Mr. CASE of New Jersey. The junior Senator from Texas has taken the words out of my mouth, in a way.

In behalf of the Senator from New York [Mr. JAVITS], the Senator from Maine [Mr. PAYNE], and myself, on July 9 I introduced a bill providing for a 10-percent increase in social security payments. Would the Senator have any objection to our associating ourselves with his amendment?

Mr. YARBOROUGH. It is an honor to have the distinguished junior Senator from New Jersey associate himself as a cosponsor of the amendment. We welcome support from the other side of the aisle. I think the amendment should have strong support from both sides.

Mr. President, the Senator from Tennessee [Mr. KEFAUVER] has asked me if I would request that his name be added as a cosponsor, and I so request.

The PRESIDING OFFICER. Without objection, the names of the junior Senator from New Jersey and the senior Senator from Tennessee will be added as cosponsors of the amendment of the junior Senator from Texas.

Mr. CASE of New Jersey. I thank the Senator. The Senator is correct about the size of the increase in the cost of living since 1954. It is roughly 8 percent. The increase in the general standard of living, as measured by increased wage rates in the country since that time, is about 12 percent. A 10 percent increase in benefits is no more than fair insofar as it would represent an opportunity for our older citizens to share, partially, in the general rise in the standard of living, as well as to meet the cost incident to the increase in the cost of living since that time.

The Senator is also correct in regard to the question of financing the amendment. The increase in the wage base from \$4,200 to \$4,800, plus the acceleration of already scheduled increases in tax rates, provided by the House bill and by the Senate committee amendment, will more than take care of the 10-percent increase in benefits. We were assured earlier this year by the trustees of the social security trust fund that the fund is solvent under existing law.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. Mr. President, I yield 1 additional minute to the Senator from New Jersey.

Mr. CASE of New Jersey. In addition, the former Secretary of Health, Education, and Welfare, Mr. Folsom, testified this June, before the House Ways and Means Committee that the fund was absolutely sound. Even with the amendment, providing a 10-percent increase in benefits, the bill will increase the income of the trust fund by more than the cost of the increased benefits. Therefore, there can be no question as to the fiscal responsibility of the pending amendment. I hope very much the Senate will agree to it.

Mr. PROXMIRE. Mr. President, will the Senator yield me 2 minutes?

Mr. YARBOROUGH. I yield 2 minutes to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 2 minutes.

Mr. PROXMIRE. I warmly commend the Senator from Texas on the offering of the amendment. The Senator from Texas has recently won a great victory in Texas. The Senator won by a smashing 200,000 votes against a very formidable opponent. One of the great reasons the Senator from Texas won his victory was that he had a slogan in his campaign of "YARBOROUGH will put the jam on the lower shelf." This slogan really caught on in Texas, and the people of Texas recognized that the Senator would fight for all the people, particularly the little people who have been forgotten and who do not receive from their Government what they deserve. Mr. President the Senator from Texas is keeping his promise today—right now—by putting the jam where it belongs, right on that lower shelf.

Mr. President, I warmly support the amendment, because there is not any question—whether one is conservative or liberal, whether one believes in helping those people who need help or not—that the social-security system is a system of insurance. The social-security system is a system which gives self-reliance to our older people. If the system does the job it should, if it is adequate, it will mean our older people can live in dignity and self-respect without relying on charity or the sufferance of relatives or the State or anyone else.

The Senator has offered a fine amendment. I enthusiastically support the amendment. I am delighted to see the number of cosponsors is increasing. I hope by the time the vote is taken the amendment will have 95 cosponsors.

The PRESIDING OFFICER. Do other Senators desire to speak on the amendment?

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield me 2 minutes?

Mr. YARBOROUGH. I yield 2 minutes to the distinguished Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 2 minutes.

Mr. JOHNSTON of South Carolina. Mr. President, the amendment would do nothing but that which is right under existing circumstances. The committee on which I serve, of which the Senator from Texas [Mr. YARBOROUGH] is a member, increased retirement benefits in 1956. On October 1 we increased the rates an average of between 25 and 30 percent. That was an increase for the people who had been working for the Government, but who had retired. We also increased approximately 10 percent the payments for those who were already retired. This year we have again increased the payments 10 percent. All this was necessary and just. So the need for increasing social-security benefits is just.

I make these statements to show that those who are retired were entitled to the increase, even as a result of the funds they were paying at that time.

I wish also to say that we have increased Government employees' salaries 10 percent this year. All the large corporations, during the same period of time covered by the 10-percent increase in governmental salaries, increased salaries of their employees, in some cases, even more. Senators will find that most corporations of the United States have increased salaries of employees almost twice that amount. That is what the records of the committee show.

Senators will also find that the cost of living since the beginning of 1952 has increased approximately 13 percent, according to the evidence produced in the hearings of the committee.

The terms of the bill would provide for the additional cost. That is another item of importance. Senators will notice that the increases in tax rates are shown on page 77:

(1) with respect to wages paid during the calendar year 1959, the rate shall be 2½ percent;

(2) with respect to wages paid during the calendar years 1960 to 1962, both inclusive, the rate shall be 3 percent;

(3) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3½ percent—

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. YARBOROUGH. I yield 1 additional minute to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 1 more minute.

Mr. JOHNSTON of South Carolina. I continue to read from page 77:

(4) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

(5) with respect to wages paid after December 31, 1968, the rate shall be 4½ percent.

I have not heard one Senator say on the floor that the fund would not be solvent and would not make possible the payment of a 10-percent increase. That being so, the old people of this Nation are entitled to the increase. We are paying more than 10 percent additional to those aged people who did not pay anything into the fund at all. Why should we not provide an increase for the people who are paying into the fund, and who will pay their pro rata share?

I commend the Senator from Texas for offering the amendment, and I am glad to be a cosponsor of the amendment.

Mr. YARBOROUGH. Mr. President, I commend the distinguished senior Senator from South Carolina for his remarks and his coauthorship of the amendment. The Senator has been a leader in the field of improving working conditions for Federal employees, and his leadership is well known.

I yield the floor, Mr. President, reserving the remainder of my time on the amendment for rebuttal.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The question is on agreeing to the amendment offered by the Senator from Texas [Mr. YARBOROUGH] for himself and other Senators.

Mr. KERR. Mr. President, I ask the acting minority leader to yield me 10 minutes.

Mr. CASE of South Dakota. Mr. President, I yield 10 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 10 minutes.

Mr. KERR. Mr. President, there is no Senator on this floor who would go further to provide a 10-percent increase instead of a 7-percent increase, or a \$5 increase instead of a \$3 increase, than the senior Senator from Oklahoma, if, in the first place, it were presented in a manner in which it would be justified, and if, in the second place, it could be done without jeopardizing the passage of a bill which the authors of the amendment, in my judgment, have as great a desire to avoid jeopardizing as any other Members of the Senate.

The bill which is before the Senate provides for additional benefits to those who are now retired, and to those who will retire. The bill provides a tax to pay for those additional benefits to those who have retired and to those who will retire. The actuarial experts of the Department of Health, Education, and Welfare came before the committee and testified as to the actuarial soundness of the program under existing law and under the proposed amendment. Those technicians and actuarial experts have been with the Department for many years. They were in the Department under the Democratic administrations and have continued under the Republican administration. So far as I know, Mr. President, neither their professional ability nor their integrity has ever been questioned.

They tell us that as of this time there is an actuarial deficit of 0.42 of 1 percent with the present rate of tax income and benefits provided; and that the increased tax provided in the bill is necessary to provide the money to pay for the increased benefits to be given under the bill and to reduce the actuarial deficit.

Mr. MARTIN of Pennsylvania. Mr. President, may we have order? This is a most important statement, one of the most important relating to the bill, and all Senators should pay close attention to it.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senate will be in order so that the very important remarks of the Senator from Oklahoma may be heard.

Mr. KERR. If Senators are sincere in believing that this fund is actuarially sound without an increased tax, they should be here with an amendment to delete the tax feature from the bill, because the increased tax is being imposed to provide benefits for a few people who will make no contribution to the amount of money necessary to provide the increased benefits. The only justification for an increased tax is to make this fund actuarially sound.

If the fund is actuarially sound, without an increased tax, then we are being

irresponsible and doing violence to basic American principles of justice by imposing a tax on the present group of employers and employees to provide additional benefits to those already retired under provisions of law which fix their benefits.

I would vote for additional assistance to those now retired on the old age assistance rolls, but I would do so on the basic, honest principle of making such benefits available to every citizen of this country equally in need, and on the basis of paying it out of a tax which would apply to every taxpayer in the country.

The technicians and actuarial experts told our committee that as of the present time there is an actuarial deficit of 0.42 of 1 percent of the payroll; that with the additional benefits and the imposition of the tax proposed in the bill, that deficit will be reduced to less than one-fourth of 1 percent; that the proposed amendment of the Senator from Texas, if made a part of the bill without making provision for the taxes necessary to pay it, would then increase the actuarial deficit to 0.54 of 1 percent.

I believe in being generous. I believe in being just, and I believe in meeting the responsibilities of the office which I occupy. I could not do that if I would vote for a measure on the assumption of actuarial soundness, which does not exist, except, in my judgment, in the minds of wishful thinkers.

I will illustrate what I am talking about. I wish to say something about one of the dearest friends I have, the junior Senator from Louisiana [Mr. LONG], who is present. I should like his attention. He said on the floor of the Senate last night:

If we did not adopt this amendment, and passed the bill in the form in which it came from the House, the increase in the fund by the year 2000 would bring it up to \$163 billion.

The issue, as I see it, is whether, during the next 40 years, we want these old people to have the benefit of that \$40 billion, or whether we want to pile up the money in such a manner that we could retire the entire public debt by the most aggressive sort of payroll tax.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. Mr. President, I ask for 5 additional minutes.

Mr. CASE of South Dakota. I yield 5 additional minutes to the Senator from Oklahoma.

Mr. KERR. As I understand that language, it tells us that if the bill is not amended, and goes into effect and remains in effect—

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. MARTIN of Pennsylvania. Can the Senator translate that into dollars? I think it would be more understandable to many of us. If necessary, I will yield time to the Senator to do so.

Mr. KERR. I shall try to do so.

If I correctly understand the Senator from Louisiana, he tells us that by the year 2000 the fund would be \$163 billion, which would be enough to retire the entire public debt.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. LONG. The Senator well knows that the reporters do not always get things down exactly the way we say them. I had in mind not the year 2000, but the year 2020. Under the schedule set forth in the committee report, we would eventually build up a fund exceeding \$285 billion. I believe that is about what the public debt is.

Mr. KERR. I say to the good Senator that I was present when he made the statement. I thought I understood him, and I got the RECORD to read his statement. He went on to say:

Some contend that it would be desirable to build the fund up to \$285 billion by the year 2020.

But that was in a paragraph subsequent to the one I have just read.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. LONG. I do not believe the Senator is under the misapprehension that the junior Senator from Louisiana thinks the public debt is \$163 billion.

Mr. KERR. No; but I will tell the Senator what I do think.

The Senator was present in the committee yesterday when the authorization to increase the debt limit to \$288 billion was approved. The Senator from Oklahoma believes that it will have to be more than \$300 billion before 2 more years have gone by. Let me say to my friend that the statement that \$163 billion would pay off the entire national debt is as nearly accurate as is the statement that this fund would be actuarially sound, with the amendment proposed by the Senator from Texas and without provision for additional taxes.

There is another element in the bill which I know is in the minds of Senators. We read in the Bible, "For what shall it profit a man if he shall gain the whole world and lose his own soul?" I ask, What would we profit if we were to increase the benefit to 12 percent, or \$7, and have the bill vetoed?

I do not propose to kid the old people in Oklahoma. They would not receive any benefit from a veto. They could not eat a veto. They could not clothe themselves in a veto.

I might say to them, "The Congress gave you 10 percent, and that fellow in the White House—what is his name—President Eisenhower—vetoed it."

Do Senators think I would help myself with those people? They would reply, "You could have got 7 percent for us, or \$3." I might say, "Oh, but I thought you were entitled to \$10 or \$5." I do think they are entitled to it, and if I thought there was a chance of getting it for them, and if we had before us a measure which was fiscally sound, and which would provide it, I would vote for it. But I do not propose to kid myself or my people in Oklahoma; and I will not participate in an action which, in my judgment, would insure defeat of the bill through a veto.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. KERR. With pleasure.

Mr. THYE. Was the pending amendment considered in committee?

Mr. KERR. The amendment was offered in committee by the distinguished Senator from Tennessee [Mr. GORE], and a very eloquent presentation was made by him on behalf of the amendment. It was considered by the committee. On the basis of the advice of the actuarial experts of the Department of Health, Education, and Welfare, as to how much it would jeopardize the bill, and also on the basis of what we regard to be the attitude of the Secretary of Health, Education, and Welfare, it was voted down in committee.

Mr. THYE. On this subject, the House bill contains the same provision found in the Senate bill, does it not?

Mr. KERR. In that regard; yes.

Mr. THYE. It does?

Mr. KERR. Yes.

Mr. THYE. I have listened to the distinguished Senator from Oklahoma in his defense of the committee action and his explanation. It is most impressive. I wish to commend the distinguished Senator from Oklahoma for making clear to us what is involved in the amendment. I, like the Senator from Oklahoma, know that my people in Minnesota cannot be clothed in a veto.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. I yield 5 additional minutes to the Senator from Oklahoma.

Mr. THYE. Nor can they be clothed with an explanation. I commend the Senator.

Mr. KERR. I thank the Senate. If an amendment were offered providing additional benefits, and if the amendment were actuarially and fiscally sound, and if we had time to stay in session and take action on a veto, I would support such an amendment. Those conditions do not prevail with respect to the pending amendment. Therefore, I say to my colleagues that, in my judgment, we can take to our people the results of the bill that is before us, with some additional amendments which I believe we will have to take—not to increase the amounts, but to make some reductions in the assistance part of the bill—and all of us, including the Senator from Oklahoma, will be able to take home a sack half full, rather than go home and show our people a sack which would have been wonderful had it been full, but which had had the bottom shot out of it by a veto.

Mr. CASE of South Dakota. I am willing to yield back the remainder of my time.

Mr. THYE. Mr. President, will the Senator yield?

Mr. KERR. I yield back to the acting minority leader the remainder of the 3 minutes I have been yielded.

Mr. THYE. Mr. President, will the distinguished Senator from Oklahoma yield?

The PRESIDING OFFICER. The acting minority leader is in control of the time.

Mr. THYE. Will the acting minority leader yield me a minute?

Mr. CASE of South Dakota. I yield 1 minute to the Senator from Minnesota.

Mr. THYE. As I examine the proposals in the committee bill, I find that Minnesota would receive \$4,509,000 in additional money. The increase for old-age assistance would be \$7.63 a month. The increase for a dependent child would be \$1.35 a month. The amount of aid to the blind would be increased by \$7.46 a month.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. THYE. May I have an additional half minute?

Mr. CASE of South Dakota. I yield a half minute to the Senator from Minnesota.

Mr. THYE. The totally disabled would receive an increase of \$7.01 a month. This matter is of great importance to all of us. It is of great concern to me. It is of great concern to me that the bill pass, and not be rejected or vetoed.

Mr. KERR. I thank the Senator.

FARM ACT OF 1958—MOTION TO RECONSIDER ACTION OF SENATE REQUESTING A CONFERENCE WITH THE HOUSE

Mr. CASE of South Dakota. Mr. President, I yield one-half minute to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I ask unanimous consent to make a motion and that the time for it be not charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ELLENDER. Mr. President, I was directed a few minutes ago by the Committee on Agriculture and Forestry to make the following motion:

Mr. President, I enter a motion to reconsider the votes disagreeing to the amendment of the House of Representatives to the bill (S. 4071) to provide more effective price, production adjustment, and marketing programs for various agricultural products, asking a conference with the House thereon, and appointing conferees.

The bill having been transmitted to the House, I move, pursuant to the rule, that the House be requested to return the said bill, with the accompanying papers, to the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

Mr. CASE of South Dakota. Mr. President, what is the pending motion?

The PRESIDING OFFICER. The pending motion is the motion of the Senator from Louisiana to request the House to return the bill (S. 4071).

Mr. ELLENDER. And all the papers attached thereto.

Mr. CASE of South Dakota. Would the Senator from Louisiana withhold the motion for a moment? I understand a Senator desired to be advised when the Senator from Louisiana made his motion. May we defer action on it for a moment?

The PRESIDING OFFICER. Without objection, action on the motion will be postponed.

SOCIAL SECURITY AMENDMENTS OF 1958

The Senate resumed the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

Mr. CASE of South Dakota. Mr. President, I yield 2 minutes to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. Mr. President, I have been very greatly impressed by what the distinguished Senator from Oklahoma has said. No member of the Committee on Finance is more in favor of taking care of the unfortunate of this country and who is more interested in keeping the bill actuarially sound than is the Senator from Oklahoma.

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MARTIN of Pennsylvania. Unfortunately, a few years ago we increased the benefits to a point beyond the receipts in the fund. We do not want that situation to occur again. Social security is really a forced saving. It has done a great deal of good in the United States. We do not wish to endanger it. It is not fair to those who make contributions. Therefore I wish to associate myself with the sound argument of the distinguished Senator from Oklahoma. I sincerely hope that the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Texas.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from South Dakota yield me 1 more minute?

Mr. CASE of South Dakota. I yield 1 minute to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. The Senate should take into consideration one other point. There has been some talk about a possible Presidential disapproval of the bill if it is made more expensive than it was when it came from the House and as approved by the Committee on Finance. We must remember that the President of the United States has the overall picture to consider. It will be only a few days before the Senate will be confronted with the question of raising the debt limit. From the best information we can get, our fiscal officials do not see a chance of balancing the budget for the next 4 or 5 years, and perhaps longer. That is a serious thing confronting the people of the United States. Our old people are confronted with a serious situation, as are the young men and women who are starting out in life. So we must take those things into consideration, too. It is absolutely necessary for our President to have the courage to take all of those matters into consideration when bills are before him for approval or disapproval.

RETIREMENT, CLERICAL ASSISTANTS, AND FREE MAILING PRIVILEGES FOR FORMER PRESIDENTS—CONFERENCE REPORT

Mr. JOHNSTON of South Carolina. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 607) to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 607) entitled "An act to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1:

That the Senate recede from its disagreement to the amendment of the House numbered 1 and agree to the same.

Amendment numbered 2:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment, as follows:

Restore the matter proposed to be stricken out by the House amendment with the following changes:

Page 1, line 9, of the Senate engrossed bill, strike out all matter following the word "President" down to but not including the period in line 11, and insert in lieu thereof the words "an office staff."

Page 2, line 4, of the Senate engrossed bill, strike out all matter following the word "exceed" down to and including the period in line 10, and insert in lieu thereof "\$50,000 per annum. The rate of compensation payable to any such person shall not exceed the maximum aggregate rate of compensation payable to any individual employed in the office of a Senator. Each individual appointed under this subsection to a position on the office staff of a former President shall be held and considered to be an employee of the Government of the United States for the purposes of the Civil Service Retirement Act, the Federal Employees' Compensation Act, and the Federal Employees' Group Life Insurance Act of 1954."

Page 2, line 14, of the Senate engrossed bill, strike out the words "located in a Federal building".

And the House agree to the same.

Amendments numbered 3, 4, 5, and 6:

That the House recede from its amendments numbered 3, 4, 5, and 6.

Amendment to the title:

That the House recede from its amendment to the title of the bill.

OLIN D. JOHNSTON,
MIKE MONRONEY,
DICK NEUBERGER,
FRANK CARLSON,
THRUSTON B. MORTON,

Managers on the Part of the Senate.

TOM MURRAY,
JAMES H. MORRISON,
EDWARD H. REES,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

Mr. JOHNSON of Texas. Mr. President, I shall not object; but I desire that the standing committees will please show the leadership on both sides the courtesy of informing us of their desires. I have asked two chairmen to stand by for the calling up of conference reports until we have had a vote on the Yarbrough amendment, on which there is a limitation of debate.

I have a responsibility to the minority leader not to call up anything requiring unanimous consent without first informing him. The minority leader tells me that he had no knowledge of this request; and I had no knowledge of it.

I am enthusiastic about the proposed legislation. I know the Senator from South Carolina carries a heavy burden of work. I am familiar with that. But if we are to have a system of procedure, we shall have to coordinate our efforts. It is difficult for me to ask the chairman of one standing committee to wait until we have voted on the amendment, and then say to another chairman, "You can ask for unanimous consent, and then we will discuss your report."

I shall not object in this instance; but in the future, I hope the chairman and ranking minority member of a committee will notify the two leaders of their intentions, so that we may inform Senators who may be interested, and that we may have one rule for all Senators.

Mr. IVES. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Texas. I yield, with the understanding that the time will not be charged to either side.

Mr. IVES. Is my understanding correct that conference reports can be considered only between the consideration of amendments?

Mr. JOHNSON of Texas. Not at all. Conference reports can be considered at any time when the leadership can clear them and has made certain that the chairmen and ranking minority Senators are present. It is desired to treat all chairmen on the same basis.

Conference reports are highly privileged matters. No one is more desirous of having them considered and expedited than are the Senator from Texas and the Senator from California [Mr. KNOWLAND]. But if an orderly procedure is not followed when such requests are made, we cannot protect Senators who ask us to protect them.

In this instance, no Senator has asked to be protected on the consideration of the report. I shall not object to its present consideration. I realize the problem of the Senator from South Carolina, because the Senator from Kansas [Mr. CARLSON] must be present when the report is considered. But I ask that in the future the two leaders be notified in advance, so that all Senators may be treated alike.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSTON of South Carolina. Mr. President, I assure the majority leader that there is no objection to the consideration of the report, and that I was presenting it as a matter of form,

so that it would not be necessary to bring it back to the Senate later.

Mr. President, the conference agreement on S. 607, the bill which provides certain retirement benefits to former Presidents, is, I think, very satisfactory. As usual in matters of this kind, the House gave on some points and the Senate yielded on other points.

The main thing is that the bill makes it possible for former Presidents to fulfill certain obligations to the American people which continue after they have left the White House.

The conference agreement does the following:

First. It provides a pension of \$25,000 per year to former Presidents. This provision was the same in both the Senate and House versions, so no change occurred in conference.

Second. It provides funds for a staff to serve the President at an annual expense of not to exceed \$50,000. This is a compromise right down the middle between the House and Senate versions.

Third. It authorizes the Administrator of General Services to provide suitable space, appropriately furnished, to our former Presidents.

Fourth. It extends the franking privilege to former Presidents, and finally, it provides a pension of \$10,000 per annum to widows of former Presidents, provided any such widow waives her right to any other Federal annuity or pension.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a comparative analysis of the bill.

There being no objection, the comparative analysis was ordered to be printed in the RECORD, as follows:

COMPARATIVE ANALYSIS OF S. 607, AN ACT TO PROVIDE RETIREMENT, CLERICAL ASSISTANTS, AND FREE MAILING PRIVILEGES TO FORMER PRESIDENTS OF THE UNITED STATES, AND FOR OTHER PURPOSES

TITLE

Senate: Same as above.

House: Amended to read "An act to provide retirement benefits to former Presidents of the United States, and their widows."

SEC. (A)—PENSION (FORMER PRESIDENT)

Senate: Provides \$25,000 per annum.

House: Same as Senate.

SEC. (B)—STAFF

Senate: Provides staff to be selected by each former President without regard to civil service and classification laws, whose salaries shall not in the aggregate exceed amount for such purposes authorized for a Senator from least populous State.

House: No provision.

SEC. (C)—OFFICE, SPACE

Senate: Authorizes Administrator of General Services to provide suitable space, appropriately furnished, in a Federal building.

House: No provision.

SEC. (D)—FREE POSTAGE

Senate: Provides free postage for all mail sent by each former President, under his written autograph signature, to any place within the United States and its Territories and possessions. Postal revenues to be reimbursed out of general funds of Treasury.

House: No provision.

SEC. (E)—WIDOWS OF FORMER PRESIDENTS

Senate: Provides \$10,000 if widow waives right to any other annuity and pension.

House: Provides \$10,000.

SEC. (F)—DEFINITION

Senate: Defines the term "former President."

House: Same.

REPEAL PROVISIONS

Senate: None.

House: Repeals act of February 28, 1929, granting pension of \$5,000 to Edith B. Wilson, widow of Woodrow Wilson.

Mr. CARLSON. Mr. President, I am pleased that we are able to conclude action on the bill to provide pensions for ex-Presidents, after reaching an agreement in conference between the House and the Senate.

I have done a little research into history. I think it is interesting to note that many Presidents had a hard time after leaving the White House.

Thomas Jefferson was almost bankrupt and had to mortgage Monticello and sell some of his belongings.

James Madison wrote notes on the Constitutional Convention for income, and his widow could not live comfortably on what he left.

James Monroe lost his Virginia estate and went to live with relatives in New York.

The widow of Abraham Lincoln finally asked the Congress for a pension.

Ulysses S. Grant lost money in Wall Street and wrote his memoirs to help pay the expense of his final illness.

Mrs. Benjamin Harrison had to scrimp after her husband died.

Woodrow Wilson was able to live on his wife's income after friends paid off the mortgage on his house in Washington.

Calvin Coolidge's earnings, after he left the White House, came from writing a newspaper column and from a life insurance company for which he served as a trustee.

I think the proposed legislation should have been enacted years ago. But since it has not been, I am pleased that we have brought it to the Senate for final consideration today.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Pensions for Presidents," published in the Topeka Daily Capital of August 9, 1958.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PENSIONS FOR PRESIDENTS

One piece of legislation which may clear Congress before adjournment is one which would provide pensions for former Presidents. Its passage would mean \$25,000 a year for life for a President after he leaves office. Widows of former Presidents would get \$10,000.

The bill doesn't stem from the need of the two former Presidents now alive. Herbert Hoover and Harry Truman need no assistance nor will Dwight Eisenhower when he leaves office, it was noted in congressional debate.

Why the pension, then?

A look into history shows some Presidents had a hard time after leaving the White House. Thomas Jefferson was near bankruptcy, had to mortgage Monticello and sell some of his belongings. James Madison wrote notes on the Constitutional Convention for income and his widow, Dolly, couldn't live comfortably on what he left.

James Monroe lost his Virginia estate and went to live with relatives in New York.

Abraham Lincoln's wife finally asked Congress for a pension. Ulysses Grant lost money in Wall Street and wrote his memoirs to help pay the expense of his final illness, and Mrs. Benjamin Harrison had to scrimp after her husband died.

Woodrow Wilson was able to live on his wife's income after friends paid off the mortgage on his house in Washington. Calvin Coolidge's earnings, after leaving the White House, came from a newspaper column and a life insurance company for which he served as a trustee.

Presently, the President's salary is \$100,000 a year. He also has a \$50,000 allowance from defraying official expenses. Both of these amounts are taxable. The President is also allowed up to \$40,000 a year for travel and entertainment expenses. But it has often been said that a President leaves the White House poorer than he went in.

The present bill would relieve former Presidents of making business connections if they so desired but it wouldn't mean luxury living by any means. The Federal income tax would take its bite and the \$25,000 a year would probably net about \$18,000 at present rates on a husband-and-wife gross income.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from South Dakota [Mr. MUNDT] may have 3 minutes to discuss the motion previously made by the Senator from Louisiana [Mr. ELLENDER], action on which was withheld until the Senator from South Dakota could be present. I ask unanimous consent that this time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, at the conclusion of the action on the motion of the Senator from Louisiana, I ask unanimous consent that the conference report on the welfare and pension bill may be called up, and that the time for its consideration not be charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

FARM ACT OF 1958

Mr. MUNDT. Mr. President, I voted as I did yesterday against the procedure of relieving the House from the necessity of appointing a conference committee on the farm bill because I did not think the Senate should yield to the House in its position on this matter. While I voted against that procedure again this morning, and made my reasons clear in committee, I assured the chairman of the committee that I would not delay the proceeding at this time by asking for a yeay and nay vote, or by employing other dilatory tactics. I was defeated in committee. I shall not press the issue at this time.

But I call the attention of the Senate to the fact that when the agricultural bill passed the Senate, it contained some provisions which were at least of some value and virtue to the farmers of the upper Midwest. It contained a provision

empty gesture. It is at least a step—even though a creep in the right direction. I believe that this bill, when enacted, can be helpful to the beneficiaries and their families.

Therefore, I urge that S. 2888, as it now appears before us, be approved by the United States Senate.

The **PRESIDING OFFICER.** The question is on agreeing to the conference report.

The report was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1958

The Senate resumed the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

The **PRESIDING OFFICER.** The question recurs on agreeing to the amendment of the Senator from Texas [Mr. YARBOROUGH]. The proponents of the amendment have 10 minutes remaining; the opponents have 9 minutes.

Mr. YARBOROUGH. Mr. President, I believe the opponents have 4 minutes.

Mr. WILEY. Mr. President—

The **PRESIDING OFFICER.** Does the Senator from Texas yield time to the Senator from Wisconsin?

Mr. YARBOROUGH. I yield 1 minute to the distinguished Senator from Wisconsin.

NEEDED: 10 PERCENT INCREASE IN SOCIAL SECURITY RETIREMENT BENEFITS

Mr. WILEY. Mr. President, I rise to support the amendment proposing to raise the level of retirement benefits from 7 percent to 10 percent.

The more than 12 million folks on social security, I believe, deserve such an increase in benefits. As the Finance Committee reports, wages have increased about 12 percent and prices about 8 percent since the last benefit increase was put into effect in 1954.

Now the question is, Can we face our senior citizens and say: "The costs of living have gone up 8 percent since your last improvement in benefits. The chances are that you won't get another increase for at least a couple of years. However, we are not going to allow you to catch up with the costs of living. Instead, we are going to hold you about 1 percent short. If the costs of living continue to rise—as the trend upward unfortunately continues—you are going to be left farther and farther behind?"

My friends, I, for one cannot do this thing. I know that the more than 281,000 folks in Wisconsin depend, for sole income, or important supplements, on social-security benefits.

Right now, the minimum benefit is \$30 per month.

Think of it: \$30 per month. What will this buy? How much food? Will it pay the rent? Looking at the facts, we can only conclude that on any one of these

single basic items of necessity, that \$30 is likely to fall short.

I am hopeful, therefore, that the Senate will see its way to lift the percentage of increase to 10 percent above present levels of benefits. This increase, I believe, is absolutely justified. If proved to be actuarially not sound, that can be remedied next year.

As we all appreciate, the bill, H. R. 13549, contains a number of other important improvements under social security, including increased benefits for families, dependents of disabled workers, disability insurance, survivor, and many other desirable adjustments in the program.

As a matter of fact, it contains an important amendment which I proposed earlier this session, and which was passed earlier in the bill H. R. 11346. This measure would provide additional time for members of State and local retirement systems to choose, if they so desire, to be covered by social security.

There is, of course, one supplementary amendment which I had hoped the measure would include. This proposal would allow the folks on social security to increase their extra earnings from \$1,200 to \$1,800 annually, without suffering loss of social-security benefits. Now, we know that it is extremely difficult for folks in the upper age brackets to find work; where a job is available, however, I believe that we should not jeopardize their opportunity to be as independent as possible, and to maintain as fair a standard of living as possible.

I believe this legislation, too, would have made it a stronger, better bill. In fact, I recall to my colleagues that, recently, over 80 percent of the members of the National Federation of Independent Businessmen approved its objectives. The measure, of course, has the vast majority of support from our social security beneficiaries themselves.

However, I am not offering the amendment at this time. Why? Basically, I believe that the Finance Committee, with its tremendously heavy workload, has done a splendid job in bringing this measure to the floor as quickly as possible. I do not, therefore, want to jeopardize the ultimate approval of the overall bill, even though I am fully convinced of the merits of the measure, and hope that the Congress will approve it next session.

I do, however, hope that the Senate will find it in its heart to provide the 10-percent increase in benefits which I believe is merited; though there is a dispute as to whether it is actuarially sound.

THE COMPREHENSIVE NEEDS OF AMERICA'S ELDERLY CITIZENS

The social security legislation which we are considering today is important. But it is by no means the only answer to the needs of our elder citizens.

Pension checks are helpful, particularly to senior citizens in the low-income brackets. Indeed, pension checks often make the difference between utter destitution and being able to eke out an

existence. But once a man or woman has the financial wherewithal to survive, he or she sees that far more than money is needed. Man does not live by bread alone, or pension checks alone.

I send to the desk, therefore, a statement listing some of the other needs of our elderly citizens. I ask unanimous consent that this statement be printed in the body of the RECORD at this point, preceded by a fine little editorial entitled "Age and Opportunity," from the Christian Science Monitor of Wednesday, August 6.

There being no objection, the editorial and statement were ordered to be printed in the RECORD, as follows:

AGE AND OPPORTUNITY

"Grow old along with me," wrote the poet Robert Browning, "The best is yet to be * * *"

Chief Judge Archibald K. Gardner of the 7-judge United States Circuit Court of Appeals which is now formulating its decision on the significant Little Rock segregation case is approaching his 91st birthday. (He is still known as a rugged outdoors man.) The other 6 justices grade youthward—84, 74, 63, 60, 58, to a boyish 52. Whatever their decision, they can hardly be accused of halfbaked liberalism.

Dr. William F. Durand, known for a generation as the dean of American engineering, has just passed away at 99. He had retired (from teaching at Stanford) at 65. Thereafter he won 6 gold medals, including the Guggenheim and the Wright Brothers Trophy, wrote a massive 6-volume work, Aerodynamic Theory, and headed the Government's wartime effort to design and produce jet-propulsion engines.

"For age is opportunity, no less than youth," wrote Longfellow, "though in another dress."

SUPPLEMENTARY STATEMENT BY SENATOR WILEY

What do elderly citizens need?

This is a subject on which I have commented on many occasions. For example, I referred to review of this question by the Wisconsin Conference on the Aging on February 20 of this year, on page A5170 of the CONGRESSIONAL RECORD.

I have introduced legislation on old-age problems. I have sent out special reports to Senior Citizens, including, most recently, a report on helpful Federal and other publications available to them free or at nominal cost.

I have corresponded extensively with the old-age groups, with the Senior Citizens of America, Golden Age Clubs, together with Federal, State, and local experts on the problem.

I have stressed the importance of sound planning for the White House Conference on the Aging in 1960, including planning for the various preceding State conferences. Here now, based on my previous work, is a listing of a half-dozen of the top needs of our elderly citizens.

NEED FOR A MISSION IN LIFE

1. A purpose. The most essential need of men and women 65 years or over, or, for that matter, at younger ages, is a purpose. I mean a mission, a goal, something they can look forward to, something they can strive for.

For too many elderly citizens find, so to speak, that the fire has gone out within their heart. They find that they are only dragging themselves through, day after day, of existence. They find that they lack a zest for living.

Some loved one is gone. Children have grown up and established their own homes. Life seems empty and barren. The future seems to hold nothing but sitting and listening to radio or watching television and then, eventual death.

Fortunately, this grim picture does not by any means reflect what needs prevail or what does always prevail.

On the contrary, life is full of great purpose for countless elderly citizens.

There are countless senior citizens who, after ending one career, have wisely started a whole new career. They have developed a new skill or polished an old one. They have become interested in some community work and/or they have taken on the responsibility of helping some friends, of helping their children, and their grandchildren. They work for some charity, or they have some particular hobby which they tremendously enjoy.

This is what is truly needed: a driving purpose, a motivation for long life.

Average men cannot pretend that they are completely like Konrad Adenauer or a Winston Churchill or a Frank Lloyd Wright or a Douglas MacArthur, accomplishing great things, long after 70. But so-called average people can nonetheless achieve a great deal, each in their own spheres.

With their purpose, there must be a faith in that purpose. There must be a faith in themselves. Yes, countless individuals have found they need faith in a power, higher than themselves, faith in an all-knowing, all-seeing, all-powerful Creator, a God of love and truth. And it is their purpose to serve their Creator with love and truth.

THE NEED FOR ESTEEM

2. Esteem. Elderly citizens need respect. They need to be wanted, to be appreciated.

It has often been said that this has become a young man's civilization. Our culture honors youth, good looks, so-called glamor.

It tends to play down the judgment of age. While we still follow the commandment, "Honor thy father and thy mother," many people tend to take it far less seriously than before. I refer to the days when Americans, by and large, lived in rural areas, when old folks lived with their youngsters. Then, the judgment of the preceding generation was constantly available and was sought so as to be of help to the present generation.

The tempo of life has picked up rapidly. There has been so much change that youth tends not to go by former standards. Youth tends to feel that old folks have little to contribute to them. "The old fogies don't understand us or our problems," many young people assert.

So, elderly citizens find all too often a lack of respect and appreciation.

But they need such esteem. And of course they must earn it. They must try to understand youth, just as youth must understand age.

THE NEED FOR A JOB

3. Fruitful activity. I have said that elderly citizens need a purpose. And they need esteem. I know of no single way by which they can have a purpose and gain esteem than by earning their own way to the extent that this is feasible.

There is nothing like a job to keep a man's or woman's self-respect. There is nothing like a feeling that one can still put in an honest day's work and can still earn one's daily bread through one's skill.

By contrast, there is nothing more damaging than to feel that one has lost one's skill, that one must live exclusively on pension checks, or on doles, or on hand-outs.

So elderly citizens need jobs. But at what age does one become elderly? Some employers, unfortunately, seem to think at the age of 50 or 45 or even earlier.

Serious job discrimination against elderly citizens still continues. Some women ap-

plying for work find that the employment bars are lowered against anyone even at the age of 35, much less older. And there is many a company which looks askance at a male applicant over 40.

Obviously, we need to reeducate American employers to the value of utilizing skills of the middle and later years.

THE NEED FOR ADEQUATE HOUSING

4. Housing: In recent years, we have made great strides in housing, especially adapted to the elderly. I mean housing which they can maintain relatively easily. It must be housing which is not so big as to be beyond their ability to keep neat, or not so small as to make them feel they are living in a prison cubicle.

I mean housing with special fixtures, housing with ramps, rather than steeply-inclined steps for those who might not be able to walk up steps too easily. I mean housing with built-in fixtures, with hand-rails, nonslip surfaces, easily operated windows and doors. It must usually be housing relatively near to needed public facilities.

And, of course, it might be housing they can pay for, on their existing level of income.

Fortunately, Congress has taken action to encourage both private profit and nonprofit housing for the elderly. Private builders have only, however, begun to utilize these provisions, both in individual homes and in new developments. And the churches and fraternal organizations of America have only begun to utilize the nonprofit provisions.

So, too, nursing homes in America are sadly lacking. They are too few in number and usually too obsolescent and overcrowded. These are serious lacks indeed.

THE NEED FOR ADEQUATE COUNSELING, INCLUDING FINANCIAL ADVICE

5. Counseling. We would not think of sending youngsters out from high school into the world, without adequate vocational guidance. And yet, in far too few communities, is there adequate counseling for senior citizens on all the diverse problems which they face at another critical turning point in life.

Too few welfare departments and organizations have recognized their responsibilities for special guidance for our senior citizens.

"Where can I find part-time time work? Where can I find recreation? Where can I get special instructions?" These are but a few of hundreds of similar questions.

To cite but one need, they need sound financial counseling from experts. Time after time, one reads in the newspapers that glibly elderly citizens have been swindled out of their life investments by some crook who has promised them allegedly to double their meager savings overnight.

Even more often than the case of having their money stolen are instances where old folks have unwisely put all their financial eggs in one unsound basket. They have, for example, put all their savings into some fixed income investment. Then, they find that inflation has completely robbed that investment of purchasing power. Or, they have allowed their investments to remain in corporations which have long since been on the skids, or have no real earning or growing possibilities.

Financial counseling, therefore, should play a very important role for elderly citizens.

"Where do United States Savings Bonds fit in?"

"How about stocks, bonds, mutual funds, real estate trusts, savings and loans, annuities, variable annuities? Should I sell my old home and buy a new one or another old one? Should I buy a cooperative apartment? How much of my savings should be in fixed yield form and how much in flexible yield investments? How should I set up my will?"

Is it any wonder that these and similar questions prove so perplexing, especially in a time such as this, with its dynamic financial changes?

Obviously, despite the increasing availability of helpful financial advice, elderly citizens need more objectivity in such advice.

THE NEED FOR HEALTH AID AND RESEARCH

6. Research: The science of geriatrics is still only in its infancy. We must learn far more about the process of aging. We will get more insight when we learn more about the process of growth itself, about the behavior of cells. In other words, basic research will teach us much.

One of the ironic facts is most of the principal research developments in recent years have enabled us to increase longevity by improving life expectancy in younger years, from birth on. Peculiarly enough, a person at the age of 65 today has only the same approximate life expectancy from now on as would have a person at the age of 65 a century ago.

As the late Dr. John Schindler, of Monroe, Wis., put it:

"It is important to note that the group of people over 65 is the only group whose life expectancy has not increased since 1900. At any age up to 65 you can expect to live longer than an individual of the same age in 1900. But after 65 you cannot expect to live longer than a person of the same age did a hundred years ago.

"This holds in spite of the fact that practically no old person today dies of pneumonia or other infection, and in spite of the fact that people even with some of the degenerative diseases, such as heart disease, can be carried on for years longer than might have been possible even 20 years ago. It can mean only that degenerative disease has been accelerated in our time, and the cause of the acceleration is an increase in emotional stress."

Yet, surely, with more diligent effort, we can find how to extend life for many years longer for our senior citizens. And, as I have emphasized, it is not simply the number of years; it is the fullness of years, the happiness of years, which counts.

Fortunately, a National Advisory Committee on Chronic Illness and Health of the Aged has been appointed by the United States Surgeon General to review the complex medical, social, and economic problems associated with chronic illness and aging and to advise on policy and programs in these fields.

In announcing the appointment, Surgeon General Leroy E. Burney stated: "Since 1900 the number of people 45 and over has increased 3½ times. Today, more than 40 million people—approximately 30 percent of the total population—are in this age group. Moreover, 40 percent of the chronically ill in this country are persons 65 years of age and over, of whom there are now 14 million in the United States.

There is one additional phase which might be mentioned now, health insurance.

I have referred in several instances to the economic side of elderly citizens' problems. They need a job. They need adequate old age and survivors' insurance. They need financial counseling. They also need to have health insurance, especially adopted to their needs.

Only within the past few years, for example, have the insurance companies woken up to the fact that it is not fair to cancel health insurance contracts at age of 65. Why? Because that is precisely the age when such insurance is needed most of all.

These, then, are a few of the needs of our elderly citizens. This represents, by no means, a complete list, but at least, it does touch upon the high spots.

Elderly people want the opportunity to work on these needs themselves. They have pride. They do not want handouts. They

do not like to be treated like children. They want neither our pity nor our charity. They are willing to help themselves, but they do need a helping hand by society, the society which they, themselves, enriched through a lifetime of endeavor. Can we do anything less than give them that helping hand?

Fortunately, progress is being made. Many fine individuals and groups are hard at work in my own and other States on old age problems. And they are pointing out that old age does not begin arbitrarily at 65 or even 70 or 75.

The middle years must be happy and fruitful and secure if one's later years are to be happy and fruitful and secure.

"Added Years—For What?" That was the provocative title of the 1957 annual meeting of the National Committee on the Aging of the National Social Welfare Assembly. Added years—for lots of happiness, that must be our goal.

None of us has all the answers. We are all inquiring; we are learning new facts in this trial-and-error kindergarten which we call life.

But this we do know—higher pension checks—as important as they are—do not provide all the answers.

There must be purpose and faith and recreation. There must be jobs and health and security and counseling. There must be all this and more.

Mr. LONG. Mr. President, will the Senator from Texas yield 2 minutes to me?

Mr. YARBOROUGH. I yield 2 minutes to the distinguished Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 minutes.

Mr. LONG. I support the amendment. I have supported a similar concept on other occasions. It is my general feeling we would do well to adopt the concept that we shall collect contributions on an annual basis that will exceed payments from the fund, and that we should eventually depart from the concept of building a fund of \$285 million. As a matter of fact, under the existing law, this fund can be held only in Government obligations and the Government debt today is about \$285 billion.

The schedule as proposed in the House bill, and as reported in that fashion to the Senate, would in a number of years require collections into the fund to be more than \$3 billion in excess of the payments from the fund.

The actuary who made the estimates on what the fund would be under the House bill, who is the chief actuary for the Department of Health, Education, and Welfare, estimates that if the amendment offered by the Senator from Texas is adopted, we shall have \$117 billion in the fund in the year 2000, if we take the approach of a 10-percent increase at the existing rate.

It is true that sometime after the year 2000 we shall have to have another increase in the social-security tax. The fact of the matter is that there is going to be an increase in the social-security tax after the year 2000 whether we adopt the amendment or not. But I think it is a mistake to take the attitude that the situation is comparable to that of the Metropolitan Life Insurance Co., which has to have enough money in the reserve to take care of accrued liabilities in the

event no new policies are sold in the future.

This is a compulsory program. I am not the only one who feels this way about it. The United States Chamber of Commerce has consistently advocated that this program should be on a pay-as-you-go basis. Yet we do not have to stay on a strict pay-as-you-go basis under the amendment of the Senator from Texas. A huge reserve can be carried. The schedule indicates there would gradually be built up a reserve of \$117 billion, under the proposed rates, if the amendment is adopted.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. LONG. May I have 30 additional seconds?

Mr. YARBOROUGH. I yield 30 additional seconds to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 30 more seconds.

Mr. LONG. I submit the fund can support the proposal. We can gradually build up the fund. By building up the fund a little more slowly, we can do better for the retired people who find that inflation has, in large degree, wiped out the income on which they thought they could look forward to retirement.

Mr. HUMPHREY. Mr. President, will the Senator from Texas yield 30 seconds to me so I may ask him a question?

Mr. YARBOROUGH. I yield 30 seconds to the Senator from Minnesota.

Mr. HUMPHREY. Does the Senator from Texas have a report which indicates that a 10-percent increase in the schedule for old-age and survivors insurance benefits would still provide an excess of new income into the fund, on the basis of the tax rate in the bill before the Senate?

Mr. YARBOROUGH. The answer is "Yes." The distinguished Senator from Oklahoma has stated he has statements from some actuaries who say—

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. YARBOROUGH. I yield myself 3½ minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 3½ minutes.

Mr. YARBOROUGH. The distinguished senior Senator from Oklahoma has stated that some actuaries say this fund is actuarially unsound. I have reports of actuaries who say it is sound today, even without the new taxes. Who are the ones on whom I rely? Secretary of the Treasury Robert Anderson, the major trustee of this fund; James P. Mitchell, Secretary of Labor; Marion B. Folsom, Secretary of Health, Education, and Welfare; Charles I. Schottland, Commissioner of the Social Security Administration, and Secretary of the Board of Trustees.

I have in my hand the printed report of the Board of Trustees, who have the sworn constitutional duty to preserve the fund, which was filed March 1 of this year. They say the fund is actuarially sound right now.

Mr. President, I ask unanimous consent to have printed in the RECORD 3 pages of the annual report of the Board of Trustees, starting at page 30 and ending at page 32.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The excess of the level-premium contribution rate equivalent to the graded schedule in the law over the level-premium cost of benefits and administrative expenses (after appropriate adjustment for the effect of interest earnings on the existing trust fund) is used to indicate the actuarial balance of the system. A negative figure indicates the extent of lack of actuarial balance; a positive figure indicates more than sufficient financing (according to the estimate). The following table shows these figures for the old-age and survivors insurance program and the disability insurance program (computed as of the beginning of 1958):

[Percent]			
Item	Low cost	High cost	Intermediate cost
Old-age and survivors insurance			
Contributions.....	7.38	7.28	7.33
Benefit cost ¹	6.97	8.99	7.99
Net difference..	.41	-1.71	-.57
Disability insurance			
Contributions.....	9.50	0.50	0.50
Benefit cost ¹	.24	.49	.35
Net difference..	.26	.01	.15

¹ Including adjustments (a) to reflect lower contribution rate for self-employed as compared with employer-employee rate, (b) for existing trust fund, and (c) for administrative expenses.

In view of the very long range nature of these projections, and the many variable factors involved, the deficiency for the old-age and survivors insurance system under the intermediate-cost estimate is relatively small, and so the system may be said to be in approximate actuarial balance. Under the intermediate-cost estimate the old-age and survivors insurance trust fund would have a balance of more than \$55 billion in the year 2025 and thus there is ample time in the future to make any adjustments which might be needed in the light of further experience and of future estimates. The disability insurance program shows a small surplus according to the intermediate-cost estimate. However, considering the variability of cost estimates for disability benefits, this program also may be considered in approximate actuarial balance, and this small actuarial excess is certainly no more than a moderate safety factor.

A discussion of the assumptions upon which these tables have been calculated is presented in appendix I.

CONCLUSION

During the past 5 fiscal years, the contribution income of the old-age and survivors insurance trust fund has increased substantially for a number of reasons. In addition to a rise in earnings levels and the normal growth of the labor force as the population becomes larger, contribution rates increased in 1954; moreover, coverage was extended to additional employments by the 1954 and 1956 amendments and the maximum limit on taxable earnings was raised in 1955. With the growth of the trust fund, interest received on investments had also increased.

Trust fund disbursements, however, have risen even more sharply than contribution income. Basic factors in this increase are

the long-term growth in the aged population and, more significantly, the lengthening period during which workers have had an opportunity to earn the quarters of coverage required to be insured. More immediate causes have been the amendments to the Social Security Act during 1950-56, which have extended the program's coverage, lowered the requirements for eligibility to benefits for persons who retire and for the survivors of individuals who die in the early years of the program, reduced the retirement age of women from 65 to 62, increased the benefits payable, and liberalized the retirement test. As a result of the rapid rise in disbursements, the trust fund's receipts in fiscal year 1957 exceeded its disbursements by only \$436 million.

Long-range cost estimates show that for practical purposes the old-age and survivors insurance program is in actuarial balance according to the best available cost estimates. This concept means that for the long-range future, the system will have sufficient income from contributions based on the tax schedule now in the law and from interest earned on investments to meet all future payments for benefits and administrative expenses. Although aggregate disbursements of the old-age and survivors insurance trust fund over the period of the next several years are estimated to exceed aggregate receipts—a situation which, however, will be only temporary—there will be ample funds on hand to meet expenditures of the program during this period. The trust fund is intended to serve as a contingency fund as well as a source of investment income to supplement contribution receipts, and it is to be expected therefore that the fund may be drawn upon from time to time. Temporary periods when the assets of the fund decline are not in themselves an indication of financial weakness and do not change the fact that the program is for practical purposes in actuarial balance.

Aggregate income of the disability insurance trust fund will be wholly sufficient during the period immediately ahead to meet aggregate disbursements and in fact will build up a substantial fund. Long-range cost estimates show that the disability insurance program is more than in actuarial balance.

In its annual reports, the Board of Trustees has emphasized that the continued financial soundness of the old-age and survivors insurance and disability insurance programs is a major concern both to the contributors and to the Nation as a whole. The 1956 amendments to the Social Security Act provided for a careful review of both the short-range and long-range financial aspects of the old-age and survivors insurance program by a representative advisory council before each of the scheduled contribution rate increases. The first Advisory Council on Social Security Financing has now been appointed under these provisions. This Council's study can be expected to result in findings which will help to assure the continued financial strength of these programs and to maintain public confidence in the economic security they provide.

Mr. YARBOROUGH. I wish to read one paragraph from the report. The paragraph reads:

Long-range cost estimates show that for practical purposes the old-age and survivors insurance program is in actuarial balance according to the best available cost estimates. This concept means that for the long-range future, the system will have sufficient income from contributions based on the tax schedule now in the law and from interest earned on investments to meet all future payments for benefits and administrative expenses.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. HUMPHREY. That is a reference to the present law?

Mr. YARBOROUGH. The Senator is correct.

Mr. HUMPHREY. The bill before the Senate provides for an increase in the tax rate?

Mr. YARBOROUGH. The Senator is correct.

Mr. HUMPHREY. And the bill also provides for an increase in the base?

Mr. YARBOROUGH. The bill provides for an increase in the tax rate and in the base.

Mr. HUMPHREY. Would those provisions provide enough money, according to the report the Senator has from the Library of Congress, the Legislative Reference Service, to properly fund the 10 percent increase in benefits?

Mr. YARBOROUGH. The tax increase which has been voted by the House and agreed to and included in the Senate committee report will take care of the cost of my amendment, with the 10-percent increase, and will provide money over that amount to go into the fund. There will be a surplus of money created by the tax increase.

The distinguished senior Senator from Oklahoma has argued in circles, when he has said that without the tax we would be wrecking the fund. The tax is provided in the bill, Mr. President, and an increase is provided. The tax provision was put in by the House of Representatives, and it was kept in by the Senate committee. I warn all Senators who would vote against the amendment on the ground of actuarial unsoundness that they will be voting upon a false premise. This report from the trustees of the fund shows that to be true. The report is being printed in the CONGRESSIONAL RECORD for today.

The fund is actuarially sound, according to Robert B. Anderson, the sworn trustee of the fund.

The bill which was passed by the House and which was reported by the Senate committee provides for raising the tax rate. Even if we pass a 10-percent increase in benefits, all of the income the tax increase would provide would not be used.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. YARBOROUGH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. YARBOROUGH. How much time do the proponents have remaining?

The PRESIDING OFFICER. The Senator from Texas has 3½ minutes remaining.

Mr. YARBOROUGH. I yield myself 1½ minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Texas is recognized for 1½ minutes.

Mr. YARBOROUGH. The argument has been made that if we pass the bill with the amendment I have proposed, the amendment would jeopardize the enactment of the bill into law, and that the President might veto the bill. I remember a statement was made in the newspapers to the effect that the Secre-

tary of the Treasury said that the President would veto the bill if a whole lot of old age pension increases were put in, because those persons did not provide money to pay for the expense. The amendment which I have offered is limited solely to social security, and the money is to be raised as we go along. Every penny is to be raised under the terms of the bill which was reported by the committee.

I say to Senators, this is an anti-inflation measure. This is a built-in anti-inflation measure and a built-in anti-deficit spending measure. It has a built-in provision to protect us from deficit financing, because my amendment is offered to a bill which contains a provision for the raising of sufficient money to pay the cost as we go along. The President could not, under any justifiable excuse, veto the bill if the amendment is agreed to.

Why do I make that statement? I make it because the vote in both the House of Representatives and the Senate committee was for a bill which provides for raising more money than my amendment would provide for disbursing. The President would come out at the long end of the horn, because he would have more money left in the fund, even after the 10-percent increase. What excuse would there be for any intelligent man to veto the bill?

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. YARBOROUGH. Mr. President, I yield myself 15 seconds.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. JOHNSTON of South Carolina. May I ask how many billions of dollars would be left over?

Mr. YARBOROUGH. There are so many billions I do not know how many there would be.

Mr. JOHNSTON of South Carolina. Billions, not millions.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the name of the junior Senator from Idaho [Mr. CHURCH] be added as a cosponsor of the amendment. The Senator sent that request to me.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. YARBOROUGH. How much time do I have left, Mr. President?

The PRESIDING OFFICER. The Senator from Texas has 2 minutes remaining.

Mr. YARBOROUGH. Mr. President, I yield the floor.

Mr. KERR. Mr. President, I ask the minority leader to yield me an additional 3 minutes.

Mr. KNOWLAND. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. How much time do the opponents have remaining?

The PRESIDING OFFICER. The opponents have 9 minutes remaining.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Oklahoma.

Mr. KERR. Mr. President, I appreciate what the Senator from Texas said about my talking in circles. I want to say that I talk in circles from a sound position to a sound position. The difference is that the Senator from Texas talks in circles from an error to an error.

The Senator says that his actuaries, Mr. Robert Anderson and somebody else, have told him the fund is sound. I did not know that Robert Anderson was an actuary. If Mr. Anderson is, then he ought to get his chief to fire those who have been in the Department all of these years under both administrations who have given the evidence to the committee that the proposal of the Senator from Texas is unsound.

I wish to state what the report referred to says:

In view of the very long range of these projections and the many variable factors involved, the deficiency for the old-age and survivors insurance system under the intermediate cost estimate is relatively small and so the system may be said to be in approximate actuarial balance.

That was what the trustee had to say. He admits that there is a deficiency, which he says is relatively small.

Now, the Senator says that his proposal is actuarially sound. The fact about the matter is that the additional benefits which are provided in the bill, plus the additional benefits which would be provided in the amendment, would cost a total of 1.05 percent of the payroll. The amount to be added in taxes is nine-tenths of 1 percent of the payroll. Therefore, instead of the fund being more actuarially sound, as it would be under the provisions of the committee bill, it would be even more actuarially unsound than it now is if the amendment is agreed to, because the amendment would create an additional fifteen one-hundredths of 1 percent deficit.

Furthermore, since reference has been made to the statement of the actuaries—I think the Secretary of the Treasury ought to feel good about being promoted to the status of an actuary by his fellow Texan—there was a reference to the fund and the benefits of the dependency feature, which we put into the law in this body 2 years ago, which has been creating a surplus of fifteen one-hundredths of 1 percent. Under the provisions of the bill presently under consideration additional benefits are to be provided to those who are found disabled, and to their dependents, which will utilize the surplus, which experience has indicated has been accumulating under the provisions of the disability section of the law.

Therefore, not only would the amendment create an additional deficit, but a part of the fund, as it has been operating, which has been keeping the deficiency down no longer will be available for that purpose, because the additional benefits to be provided in the bill for the disabled will take up the amount which

has been permitted to accumulate in a small surplus as to the disability phase of the bill.

Mr. President, I ask that 3 minutes be yielded to the distinguished Senator from New Mexico.

Mr. KNOWLAND. Mr. President, I yield 3 minutes to the distinguished Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 3 minutes.

Mr. ANDERSON. Mr. President, no one could have sat through the testimony without being impressed by the accuracy of the work done by the group which brought forward the figures. The witnesses from the Social Security Board who testified gave us what I regarded as being the soundest business and actuarial judgment possible. They told us that the deficit in the Old-Age and Survivors' Insurance Fund in the calendar year 1958 will be \$730 million. We are told that the deficit in 1959, under the rates we are using will be \$1.2 billion. No one who has any concern or respect for those who are to participate in this fund can favor putting the fund in worse and worse shape.

The proposal which has been made was brought before the committee. The proposal was considered by the committee, and I believe carefully considered.

The amendment, if adopted, would result in throwing the fund out of balance. The taxes to be provided by the Senate bill would give us a little chance to accumulate some additional money in the fund. There is today, in the social security fund, a balance of some \$23 billion. That may sound like a lot of money, but I say that under all the circumstances it is not an excessive sum. It could be, with the passing of the years, the fund will get larger. The fund should get larger as we deal with more and more customers and as we have more and more responsibilities for caring for more and more cases. The reserve fund should be larger, and properly so. I hope the Senate will not go off the deep end to destroy what already has been done.

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. KERR. Does the Senator realize that the amount now in the fund would carry the present load only 3 years, and that the average expectancy of participants is 10 years?

Mr. ANDERSON. Yes. I say we must have a reserve and must build the fund to a larger sum, as we have more and more cases.

With reference to my State, I realize that the average increase in old age assistance under the bill as reported by the Senate committee would be \$7.72 a month for the people who are receiving old age assistance.

I do not want to lose that. I do not want to jeopardize it. The imposition of additional burdens would be dangerous to the bill.

When the question was presented to the Finance Committee, the inflationary effects of adding \$288 million were

stressed. Those inflationary effects are not reduced by any factors we know of. A \$12 billion deficit faces us in the fiscal year 1959.

Under all the circumstances, I think the Finance Committee did the sensible and prudent thing, having regard for the people who will participate in the fund, when it voted to report the bill as it is now before the Senate, and voted to reject the amendment which is now the pending amendment.

I believe we would do the people of the country serious injustice if we were to jeopardize possible gains under the bill by voting for an amendment which might be too much for it to carry.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. HUMPHREY. I wonder if it is not true that one of the reasons for the heavy burden on the social-security fund at present is the large number of people who were blanketed in without making payments into the fund over a long period of time. Yet they are receiving benefits from the fund.

Mr. ANDERSON. I think that is true; but I think the tendency will be constantly to move in that direction.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

The opponents have 1 minute remaining, and the proponents have 2 minutes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side, and that each side may be granted 5 minutes additional.

The PRESIDING OFFICER. Is there objection?

Mr. YARBOROUGH. I object to extending the time. I think we should stay within the limits of 1 minute for the opponents and 2 minutes for the proponents. That is the only portion of the request to which I object.

Mr. JOHNSON of Texas. Does the Senator wish a shorter period of time?

Mr. YARBOROUGH. No. Under the unanimous consent agreement, 1 minute remains for the opponents, and 2 minutes for the proponents. I ask the Chair if that is not correct.

The PRESIDING OFFICER. That is correct. The proponents have 2 minutes remaining and the opponents 1 minute.

The question is on agreeing to the amendment offered by the Senator from Texas [Mr. YARBOROUGH].

Mr. JOHNSON of Texas. Mr. President, I withdraw my request. The reason for the request was that the attendance of Senators thus far has been very small. I thought it would be to the advantage of the junior Senator from Texas to have a live quorum call, in order that more Senators might be present.

Mr. YARBOROUGH. Mr. President, I withdraw my objection to the unanimous consent request of the senior Senator from Texas.

Mr. JOHNSON of Texas. I shall be glad to reduce the additional time requested, if the junior Senator from

Texas wishes to reduce it. I thought, in fairness to the proponents of the amendment, as well as to the opposition, we should try to obtain as good an attendance of Senators as possible. I renew my request.

The PRESIDING OFFICER. Is there objection to the request of the senior Senator from Texas that there be a quorum call, without the time being charged to either side, and that at the conclusion thereof, 5 minutes additional be allotted to each side? The Chair hears none.

The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Morse
Allott	Green	Morton
Anderson	Hayden	Mundt
Barrett	Hennings	Murray
Beall	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Hruska	Pastore
Bridges	Humphrey	Potter
Bush	Ives	Proxmire
Byrd	Johnson, Tex.	Purtell
Carlson	Johnston, S. C.	Revercomb
Carroll	Jordan	Robertson
Case, N. J.	Kefauver	Russell
Case, S. Dak.	Kennedy	Saltonstall
Chavez	Kerr	Schoeppel
Church	Knowland	Smathers
Clark	Kuchel	Smith, Maine
Cooper	Langer	Smith, N. J.
Cotton	Lausche	Sparkman
Curtis	Long	Stennis
Dirksen	Magnuson	Symington
Douglas	Malone	Thurmond
Dworshak	Mansfield	Thye
Eastland	Martin, Iowa	Watkins
Ellender	Martin, Pa.	Wiley
Ervin	McClellan	Williams
Fulbright	McNamara	Yarborough
Goldwater	Monroney	Young

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. FLANDERS] is absent because of illness in his family.

The Senator from West Virginia [Mr. HOBLITZELL] is absent because of death in his family.

The Senator from New York [Mr. JAVITS] is absent by leave of the Senate to attend the NATO parliamentary conference in London as chairman of the economic section of the General Affairs Committee.

The Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senators from Indiana [Mr. CAPEHART and Mr. JENNER], and the Senator from Maine [Mr. PAYNE] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the junior Senator from Texas [Mr. YARBOROUGH]. Each side has 5 additional minutes, under the unanimous consent agreement. The Senator from California [Mr. KNOWLAND] has control of the opposition time, and the Senator from Texas [Mr. YARBOROUGH] has control of the time of the proponents.

Mr. YARBOROUGH. Mr. President, I yield myself 2½ minutes. Since we will vote within a few minutes on the pending amendment, I should like briefly

to state what the amendment would do. First, I ask unanimous consent that the junior Senator from Massachusetts [Mr. KENNEDY] may be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. The amendment would increase the raise in social-security benefits voted by the House and approved by the Senate committee from 7 percent to 10 percent. The average amount of social-security benefits paid to a retiree in the United States today, so far as retired workers are concerned, is \$64.50. For a widow who has retired from work, it is \$51. The average across-the-board payment to all social-security covered retired workers is \$54.40.

The amendment voted by the House and approved by the Senate committee would increase the average by \$3.71 a month. My amendment would bring that up to \$5.44 a month, an increase of \$1.73 a month.

The money has been voted by the House and has been approved by the Senate committee to pay for the increases. They have raised the social-security taxes from 2¼ to 2½ percent. They have voted enough taxes to pay for the 7-percent raise and also to pay for the 10-percent raise, and, in addition, to have some money left over. The need is desperate, as Senators know. The only argument worthy of note that I have heard advanced against the amendment, and the only possible reason that could be advanced, is that it is actuarially unsound.

I would remind Senators who were not present during the debate that in the 18th Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, there is a very significant statement. The report was issued by Mr. Robert B. Anderson, Secretary of the Treasury, Mr. James P. Mitchell, Secretary of Labor, Mr. Marion B. Folsom, Secretary of Health, Education, and Welfare, and Mr. Charles I. Schottland, Commissioner of Social Security. This is the Board which is sworn to protect the fund. I shall read from that report. In the previous debate I read from it, but many Senators present now were not in the Chamber when I read it. I therefore should like to read from the report of the Board headed by the Secretary of the Treasury, as the trustee of the fund, as follows:

Although aggregate disbursements of the old-age and survivors insurance trust fund over the period of the next several years are estimated to exceed aggregate receipts—a situation which, however, will be only temporary—there will be ample funds on hand to meet expenditures of the program during this period. The trust fund is intended to serve as a contingency fund as well as a source of investment income to supplement contribution receipts, and it is to be expected therefore that the fund may be drawn upon from time to time. Temporary periods when the assets of the fund decline are not in themselves an indication of financial weakness and do not change the fact that the program is for practical purposes in actuarial balance.

It is in actuarial balance, and the present tax rate is raised by the House

bill and is approved by the Senate committee.

Our amendment does not apply to the old-age pensions, as stated by the Senator from New Mexico. The tax raised in the bill would be sufficient to pay for the increases and, in addition, have all that money I mentioned left over to be added to what the Secretary of the Treasury has already said is a fund in actuarial balance. So, therefore, it is a fiscally and actuarially and financially sound amendment.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. KNOWLAND. Mr. President, I yield myself one-half minute. I am sorry that all the Members of the Senate were not able to be present when the distinguished Senator from Oklahoma [Mr. KERR], who is handling the bill on the floor of the Senate, the distinguished Senator from New Mexico [Mr. ANDERSON], and the Senator from Pennsylvania [Mr. MARTIN], and other Senators, gave their reasons for opposing the amendment. I believe the amendment should be defeated. I yield the balance of my time to the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield to no man in the Senate in the desire to increase the benefits for the beneficiaries of the retirement fund. However, I will not go through the empty motion of voting it to them on the basis of actuarial soundness, when the experts in the Department, who have been there for years under both administrations, tell us it is not sound.

The junior Senator from Texas tells us that the increase in the taxes provided in the bill will pay for all the benefits, plus providing additional money for the fund. The actuarial experts of the Department tell us that the increase in the taxes would lack 15/100 of 1 percent doing that. Therefore if we increase the tax and give the benefits provided, plus what the Senator is asking for, instead of reducing the unsoundness of the fund or improving the soundness of it, we would add to the unsoundness of the bill. I ask Senators this question. If we add to the tax in the bill in order to provide actuarial soundness and then give additional benefits, as we have, would we not be silly to give benefits beyond that, which would prevent actuarial soundness being attained and add to the deficit?

The money has not been provided to pay for the benefits the Senator from Texas is requesting. The evidence before the committee was as follows: On the basis of present law there is a forty-two one-hundredth of 1 percent deficit. This fund this year ran behind \$730 million. If it is not changed next year, it will run behind \$1,100,000,000 more.

There are 12 million people on the rolls, now retired. Approximately \$2 billion is in the trust fund. It is enough to pay the present retirees at present rates for 3 years. They have an average expectancy of 10 years. On the basis of the present income, there is a billion dollars more going out than there is coming in. Can anyone say that that is a sound position?

The proposal of the junior Senator from Texas would make it more unsound. The fund is not only to be used to pay present retirees, but benefits and liabilities are accumulating for those now paying. The present retirees are not paying. They are getting their annual benefits out of the trust fund, plus the accumulations from the taxes paid by the present workers, who are accumulating benefits to be paid to them in the future.

The Senator from New Mexico did not say that the old-age assistance people were going to be paid out of this fund. He called attention to the fact that under the pending bill additional benefits go to those now receiving assistance under the old-age assistance programs. He said that he did not want the bill to be loaded down in such a way as to be vetoed, because if it is vetoed it not only will be vetoed with reference to social security but also with reference to those who are now on the assistance rolls.

I too, would like to give them more. However I am not going to kid them. I am not going to vote for benefits under this program, which is paid for out of taxes assessed against employees and employers, when the benefits are not covered by a tax sufficient to pay at least for the additional benefits. I am not going to go home and tell my people, "I voted you a lot of money, but you are not going to get it, because it has been vetoed." I will vote for what I can actually deliver to them.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Texas has a minute and a half remaining.

Mr. YARBOROUGH. Mr. President, I yield 30 seconds to the Senator from Louisiana.

Mr. LONG. Mr. President, my impression is that the bill was not asked for by the administration. The administration was satisfied with the actuarial balance in the fund, because the increase in rates in 1960 will take care of the deficit.

I thought we were trying to pass a bill to provide for retired people, who have suffered by the rising cost of living. At page 16481 of the RECORD there is shown the difference in the fund under either of the two approaches.

In any event, the fund will grow rapidly and tremendously under whichever approach is taken. The only question is whether during the next 4 years we want to provide a little more assistance for the aged and needy persons.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. YARBOROUGH. Mr. President, my study of the actuarial soundness of the fund is based upon an official report filed March 1 by the Secretary of the Treasury, the Secretary of Labor, the Secretary of Health, Education, and Welfare, and the Chairman of the Social Security Board. The computation was based on reports. The reports were not compiled in the heat of argument in 5 minutes of debate on the floor. They have been carefully made. As I stated

earlier, I have a report from the Education and Public Welfare Division of the Library of Congress which I again ask unanimous consent to have printed in the RECORD.

There being no objection, the report and statement were ordered to be printed in the RECORD, as follows:

AUGUST 14, 1958.

To: The Honorable RALPH YARBOROUGH.
From: Education and Public Welfare Division.

Subject: Supplementary information which may be of use to you in supporting the cost aspect of your amendment to H. R. 13549.

As indicated in the statement prepared for you, the amendment you intend to introduce providing a 10-percent benefit increase would add 0.25 percent of taxable payroll to the cost of the bill as approved by the House. H. R. 13549, with your amendment, would still be overfinanced to the extent of 0.07 percent of payroll since the House bill was overfinanced to the extent of 0.32 percent of payroll.

One objective of the House-passed bill was to reduce the actuarial deficiency of the old-age and survivors insurance (OASI) trust fund which, according to the latest estimate of the Chief Actuary of the Social Security Administration, stands at 0.57 percent of payroll. The House bill, in its present form, would reduce it to 0.25 percent of payroll. The House committee report states:

"Your committee has not been able to recommend benefits at as high a level as, in our opinion, would be justified if one considered solely the need for this protection. The increase of approximately 7 percent provided by the bill is actually somewhat short of the rise in the cost of living that has taken place since 1954. We believe, however, that it is essential that a significant part of the additional contributions to the system that we are recommending be used to strengthen the financing of the system rather than to improve benefit protection." (H. Rept. 2288, 85th Cong., p. 2.)

We are enclosing herewith the 18th Annual Report of the Trustees of the OASI Trust Fund which was recently released. This publication shows the present condition of the trust fund and includes long-range estimates up to the year 2050. Although it states that there is a long-range deficiency in the OASI trust fund of 0.57 percent of payroll, the conclusion of the report declares:

"Long-range cost estimates show that for practical purposes the old-age and survivors insurance program is in actuarial balance according to the best available cost estimates. This concept means that for the long-range future, the system will have sufficient income from contributions based on the tax schedule now in the law and from interest earned on investments to meet all future payments for benefits and administrative expenses. Although aggregate disbursements of the old-age and survivors insurance trust fund over the period of the next several years are estimated to exceed aggregate receipts—a situation which, however, will be only temporary—there will be ample funds on hand to meet expenditures of the program during this period. The trust fund is intended to serve as a contingency fund as well as a source of investment income to supplement contribution receipts, and it is to be expected, therefore, that the fund may be drawn upon from time to time. Temporary periods when the assets of the fund decline are not in themselves an indication of financial weakness and do not change the fact that the program is, for practical purposes, in actuarial balance." (H. Doc. 401, 85th Cong., p. 31-32.)

FREDERICK B. ARNER.

SOCIAL SECURITY AMENDMENTS OF 1958

Mr. President, my amendment to the social-security bill, H. R. 13549, has the simple but very important purpose of providing a 10-percent increase in social-security benefits rather than the 7-percent increase contained in the bill as passed by the House of Representatives.

Senators will recall that last Monday, August 11, the Senate passed a 10-percent increase for the Foreign Service retirement system which had the support of the administration and the Bureau of the Budget. Similar cost-of-living increases have been made by Congress and signed by President Eisenhower, for employees of the Federal civil service, postal workers, and retired members of the Armed Forces. Is it equitable, therefore, to be content with a pared-down 7-percent increase for the people of this country who are suffering the most from rising prices—the men and women receiving benefits under our social-security system?

Let us recognize first of all that the average benefit for a retired worker is now only \$64.50 per month—a few pennies over \$2 per day—a pitifully small amount. We must not, moreover, delude ourselves with the happy thought that these meager social-security benefits are only a supplementation to other retirement income. The facts are otherwise. For millions of Americans social security is the only retirement income they receive. In recommending an increase in benefits at this time the House of Representatives cited a study conducted last December by the Department of Health, Education, and Welfare which made it perfectly clear that, for most people on the rolls, social-security benefits constitute their major source of income. This study showed that, aside from their social-security benefits, 1 out of 5 retired couples, more than 1 in every 4 single retired workers, and more than 1 in every 3 aged widows had no additional money income or had less than \$75 in additional income during the year. Of the total number who had some additional money income, one-fourth of couples and aged widows and one-third of the single retired workers derived such income from temporary sources such as part-time earnings or by supplementary payments from the "needs test" public-assistance programs.

Mr. President, we owe it to the 11 million older Americans who are now receiving social-security benefits to examine this matter carefully. I need not remind the Members of the Senate that each rise in living costs chips away at the purchasing power of these older men and women living on a fixed retirement income. No increase has been made in the amount of benefits they are receiving since the 1954 amendments. During this period wages have increased by 12 percent and the cost of living has gone up 8 percent.

My amendment will add a cost of only 0.25 percent of payroll to H. R. 13549. The House bill, with a 7-percent increase, is overfinanced to the extent of 0.32 percent of payroll. Even with the additional cost of the 10-percent increase provided by my amendment, the bill will still be overfinanced to the extent of 0.07 percent of payroll.

It is, of course, true that one of the purposes of the House bill—that of eliminating a possible long-range actuarial deficiency in the old-age and survivors insurance system—will be qualified to some degree. But I am not persuaded by the argument that we should penalize our older citizens now on the basis of a guess that the trust fund may be running in the red in the year 2032. Moreover, the Advisory Council on Social Security Financing established by the 1956 amendments has not yet made its report. When this report appears, at the end of the year, Congress will have ample opportunity

of evaluating the total situation and can make its decision as to appropriate financing of the old-age and survivors insurance plan.

I, for one, believe that our economy is dynamic enough, and strong enough, to support such an increase. And I am certainly convinced that we owe it to our older men and women to make the same 10-percent increase in their payments which we have provided for other retired people in legislation passed during this session.

Mr. YARBOROUGH. Mr. President, the reports represent days of work. They show that there will be, if my amendment is not adopted, a 32 percent surplus.

If my amendment shall be adopted, there will be a surplus.

The PRESIDING OFFICER. All time has expired on the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that if present and voting, the Senator from Delaware [Mr. FREAR] would vote "nay."

On this vote the Senator from Florida [Mr. HOLLAND] has a pair with the Senator from Georgia [Mr. TALMADGE]. If present and voting the Senator from Florida [Mr. HOLLAND] would vote "yea" and the Senator from Georgia [Mr. TALMADGE] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. FLANDERS] is absent because of illness in his family.

The Senator from West Virginia [Mr. HOBLITZELL] is absent because of death in his family.

The Senator from New York [Mr. JAVITS] is absent by leave of the Senate to attend the NATO parliamentary conference in London as chairman of the economic section of the General Affairs Committee.

The Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senators from Indiana [Mr. CAPEHART and Mr. JENNER], and the Senator from Maine [Mr. PAYNE] are necessarily absent.

If present and voting, the Senator from Indiana [Mr. CAPEHART] would vote "nay."

On this vote the Senator from New York [Mr. JAVITS] is paired with the Senator from Ohio [Mr. BRICKER]. If present and voting, the Senator from New York would vote "yea," and the Senator from Ohio would vote "nay."

On this vote the Senator from Maine [Mr. PAYNE] is paired with the Senator from West Virginia [Mr. HOBLITZELL]. If present and voting, the Senator from Maine would vote "yea," and the Senator from West Virginia would vote "nay."

The result was announced—yeas 32, nays 53, as follows:

YEAS—32

Carroll	Hennings	Kennedy
Case, N. J.	Hill	Langer
Chavez	Humphrey	Long
Church	Jackson	Magnuson
Clark	Johnson, Tex.	Mansfield
Douglas	Johnston, S. C.	McNamara
Gore	Kefauver	Morse

Murray
Neuberger
Pastore
Potter

Proxmire
Revercomb
Smith, Maine
Sparkman

Symington
Wiley
Yarborough

NAYS—53

Alken
Allott
Anderson
Barrett
Beall
Bennett
Bible
Bridges
Bush
Byrd
Carlson
Case, S. Dak.
Cooper
Cotton
Curtis
Dirksen
Dworshak
Eastland

Ellender
Ervin
Fulbright
Goldwater
Green
Hayden
Hickenlooper
Hruska
Ives
Jordan
Kerr
Knowland
Kuchel
Lausche
Malone
Martin, Iowa
Martin, Pa.
McClellan

Monroney
Morton
Mundt
O'Mahoney
Purtell
Robertson
Russell
Saltonstall
Schoeppel
Smathers
Smith, N. J.
Stennis
Thurmond
Thye
Watkins
Williams
Young

NOT VOTING—11

Bricker
Butler
Capehart
Flanders

Frear
Hoblitzell
Holland
Javits

Jenner
Payne
Talmadge

So Mr. YARBOROUGH's amendment was rejected.

Mr. ANDERSON. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. KNOWLAND. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

EXTENSION AND AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, which was to strike out all after the enacting clause and insert:

That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(a) Sections 109 and 204 of such act are amended by striking out "1958" and substituting in lieu thereof "1959."

(b) Section 103 (b) of such act is amended by striking out "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000."

SEC. 2. Section 303 of the Agricultural Trade Development and Assistance Act of 1954 is amended to read as follows:

"Sec. 303. The Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) strategic materials or other materials of which the United States does not domestically produce its requirements and, which entail less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act,

as amended, to make such barter or exchanges: *Provided*, That the total volume of the transactions directed by this section shall not exceed \$500 million annually, unless specifically authorized by the Congress. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except where the Secretary has made a specific finding as to a particular transaction that such transaction will replace a cash sale for dollars. The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

SEC. 3. Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by substituting a semicolon for the period at the end of paragraph (j) and adding the following new paragraph:

"(k) For the acquisition by purchase, lease, rental, or otherwise, of sites and buildings and grounds abroad, for United States Government use, including offices, residence quarters, community and other facilities, and for construction, repair, alteration, and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available to for such purposes) in such amounts as may be specified from time to time in appropriation acts;"

SEC. 4. Section 104 of such act is amended by adding thereto the following new paragraph:

"(1) For financing in such amounts as may be specified from time to time in appropriation acts trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U. S. C. 1992);"

SEC. 5. Section 104 of such act is amended by adding the following paragraph:

"(m) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;"

SEC. 6. Such act is amended by adding thereto the following new section:

"SEC. 306. Any provision of this act or of section 32 of the act of August 24, 1935, as amended (7 U. S. C. 612c), may be extended by the President to any area under the jurisdiction or administration of the United States."

SEC. 7. Section 104 of such act is amended by inserting in the first proviso after the lettered paragraphs thereof, after "(d)" and "(e)", in lieu of the word "and", the following: "except when used in such amounts as may be specified from time to time in appropriation acts for cooperative non-self-liquidating projects for the development of human resources and skills;"

SEC. 8. (a) Section 104 of such act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)".

(b) Such section is further amended by adding the following new paragraph:

"(n) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies:"

SEC. 9. Section 101 of such act is amended by striking out the semicolon at the end of paragraph (a) thereof and adding "or normal patterns of commercial trade with friendly countries;"

Mr. ELLENDER. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. EASTLAND, Mr. HUMPHREY, Mr. AIKEN, Mr. YOUNG, and Mr. THYE conferees on the part of the Senate.

SETTLEMENT OF CERTAIN CLAIMS BY MILITARY DEPARTMENTS— CONFERENCE REPORT

Mr. O'MAHONEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1061) to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property or personal injury or death, not cognizable under any other law. I ask unanimous consent for the present consideration of the report.

I have consulted the leaders on both sides. This matter is a privileged one.

The measure is noncontroversial. The Senate amendments, which would tighten up the bill, have been accepted substantially by the House. The conference report provides that the Senate yield only in one minor respect.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1061) to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property or personal injury or death, not cognizable under any other law, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Page 2, strike out lines 1 to 21, inclusive, and insert:

"§ 2736. Property loss; personal injury or death; incident to use or operation of property of the United States and not cognizable under other law

"(a) Under such regulations as the Secretary of a military department may prescribe, he or his designee, may settle, and pay in an amount not more than \$1,000, a claim against the United States, not cognizable under any other provision of law, for—

"(1) damage to, or loss of, property, or

"(2) personal injury or death;

caused by a civilian officer or employee of the the office of the Secretary of Defense, a civilian officer or employee of a military department, or a member of the Army, Navy, Air Force, or Marine Corps, as the case may be, incident to the use and operation of Government vehicles, or incident to the use of other property of the United States on a Government installation. Regulations prescribed by the Secretary of a military department under the authority of this section shall not become effective until the expiration of 60 days after they have been filed with the Committees on the Judiciary of the House and Senate of the United States; and the Congress may, within such time, amend or disapprove any such regulation by a concurrent resolution embodying the amendment or statement of disapproval.

"(b) A claim may not be allowed under subsection (a) if the damage to, or loss of, property, or the personal injury or death, was caused wholly or partly by a negligent or wrongful act of the claimant, his agent, or his employee;" and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Page 3, line 5, strike out " "; and insert:

"(e) A claim may not be paid under subsection (a) unless the amount tendered is accepted by the claimant in full satisfaction.

"(f) Any payment made under this section shall be reduced by any amount received by the claimant in the form of insurance payments or compensation based on the same damage, loss, personal injury, or death. A payment made under authority of this section is not subject to any claim for reimbursement by any insurance company or compensation insurance fund; and such a payment does not absolve any insurer, in whole or in part, of any obligation under any contract of insurance;" and the Senate agree to the same.

Amendment numbered 3: That the Senate recede from its amendment numbered 3.

JOSEPH C. O'MAHONEY,
SAMUEL J. ERVIN, JR.,
ARTHUR V. WATKINS,

Managers on the Part of the Senate.

THOMAS J. LANE,
EDWIN E. WILLIS,
RICHARD H. POFF,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. O'MAHONEY. Mr. President, under existing provisions of law, the Secretary of the Navy has authority to pay property damage claims in an amount not exceeding \$500, if the damage was caused by a member of the Naval Service acting outside the scope of his employment.

House bill 1061 proposes to repeal the existing statute, and to extend the authority previously conferred upon the Secretary of the Navy by, first, making it applicable to all branches of the armed services; second, making it applicable in cases of personal injury and death claims, as well as property claims; third, making it applicable where the damage, injury, or death was caused by a civilian employee of the military department as well as a member of the armed services; fourth, permitting delegation of the authority to settle such claims; fifth, raising the limitation on any award from \$500 to \$1,000, with an additional limitation that, in cases of personal injury or death, claims be confined to the payment of reasonable medical, hospital, and burial expenses actually incurred and not otherwise furnished or paid by the United States.

As approved by the Senate, this measure would require that such damage, injury, or death occur as an incident to the use or operation of Government vehicles or incident to the use of other Government property on a Government installation. It would further require that any award received pursuant to this legislation be in full satisfaction of the claim. It would also bar approval of the claim if the claimant were guilty of contributory negligence. It would likewise bar the payment of a claim asserted by an insurer under a subrogation agreement in an insurance contract. It would further require that the claim, to be compensable, must be filed in writing within 2 years after it accrues.

These, or other safeguards, appear in other provisions of law granting authority to the military departments to settle claims against the United States.

The Senate also inserted in the bill a provision by which the regulations promulgated by the military departments and the Department of Defense must be submitted to Congress 60 days in advance of their effective date, in order that they will be subject to congressional review. All these provisions were added in order to safeguard the interests of the Government, since the claims which would be payable, if this

regulation were enacted, are of a type in which no legal liability exists, but in which there may be a degree of responsibility on the part of the United States.

All the basic proposals approved by the Senate are, by the conference agreement, to be accepted by the House of Representatives. The Senate recedes only from its amendment to the analysis or heading of the section in question.

Mr. President, I move that the Senate agree to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1958

The Senate resumed the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

Mr. KUCHEL. Mr. President, on behalf of myself, my senior colleague [Mr. KNOWLAND], and the junior Senator from Minnesota [Mr. HUMPHREY], I submit the amendments which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 92, in line 19, it is proposed to strike out "\$65" and insert in lieu thereof "\$70."

On page 93, line 3, strike out "\$35" and insert in lieu thereof "\$40."

On page 96, line 23, strike out "\$65" and insert in lieu thereof "\$70."

On page 97, line 7, strike out "\$35" and insert in lieu thereof "\$40."

On page 99, line 3, strike out "\$65" and insert in lieu thereof "\$70."

On page 99, line 13, strike out "\$35" and insert in lieu thereof "\$40."

The PRESIDING OFFICER. Does the Senator from California desire to have the amendments considered en bloc?

Mr. KUCHEL. Yes.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KUCHEL. Mr. President, after all the mumbo-jumbo of the involved so-called variable formula written into the bill is cleared away, one shocking, incredible fact comes to light; namely, the gross, indefensible, inequitable, and miserable manner in which aged citizens in some States of the American Union are treated by the bill, in contrast to the manner in which similarly situated elderly Americans in other States are treated. Thus, if the Senate approves what the Senate committee has proposed under this new, complicated formula, an aged person in 1 or 2 States of the Nation will receive from the Federal Government an increase of more than \$10 a month, whereas an aged person in California will receive an increase of only 77 cents a month. That is the unfair, unjust, and unholy result which this bill would produce.

Thus, Mr. President, it should be very clear that the pending amendments, which relate to the provisions of the bill which would result in unequal treatment, should be agreed to.

Mr. President, I recognize that in the United States, some States are better able to take care of their responsibilities in public assistance and other State problems than are other States.

The State from which I come spends, today, more money on public assistance than do any other three States in the Nation combined. The people of California are proud of their accomplishments through their State government.

In 1956, Congress authorized an increase of \$4 for each recipient of old-age aid, subject to what each State legislature would provide. The California legislature immediately thereafter approved that increase, and gave that increased benefit to the recipients of old-age assistance in our State.

Last year, the California legislature approved a general increase in the old-age and blind assistance and, in addition, appropriated the moneys necessary to take advantage of the medical program which the Congress had adopted in 1956.

Under this State legislation, the people of California contributed \$17 million more to the public-assistance program in California, plus \$13 million more for medical care, the latter to be matched by the Federal Government in an equal amount. So the people of California increased by \$30 million a year their expenditures in this field of State government. I have mentioned these facts, in order to demonstrate what I believe should be abundantly clear—namely, that the people of my State have been generous with the aged, and the blind, and with those other of our fellow citizens who need assistance.

Mr. President, should the Senate penalize an American State for being fair and just? Should the Senate of the United States now approve the action recommended by the Senate Finance Committee—which has written into the pending bill provisions for such an amazing disparity of treatment that an elderly person in one State will have his old-age assistance payments automatically increased by \$10.29, whereas such a person in another State will have his payments increased by the munificent sum of 77 cents. But that is what the bill, as reported to the Senate, would do, and the Senate ought to remedy the situation by adopting our amendments.

Mr. President, the amendments which have been drafted and which are now before the Senate do not close that disparity completely, but they do provide for lessening the tremendous differences of treatment which the bill before the Senate now unhappily provides. Thus, in a State such as mine, about \$3.50 more a month would come to the individual who is qualified for old-age aid, under the provisions of the pending amendments.

The cost to the Federal Government would be about \$40 million a year. There is no question about that. But I ask Senators whether in good conscience we

can approve the action of a committee which has resulted in such a perfectly incredible mistreatment of elderly Americans in one American State as against treatment of citizens similarly qualified for assistance in another State?

Mr. POTTER. Mr. President, will the Senator yield?

Mr. KUCHEL. No; not yet. I want to say one more thing, Mr. President. Mine is the example of a liberal State which has its growing fiscal problems. Mine is an example of an American State with fairly high State tax laws. The people of my State are going to have to face up to increased costs of State government to solve many of their problems.

I indicated on the floor of the Senate yesterday when the Senate approved some California reclamation bills that the people of California will be required to pay \$11 billion—I want to repeat that, because I do not want to be misunderstood, \$11 billion—to provide for a State water system in order to bring water to the people who live in California and who are coming into our State at the rate of 500,000 a year.

So there is not involved here a question of saying, "Oh, California is a wealthy State. Let us, here in the Senate, leave it alone. Let us make an additional contribution of 77 cents to that Senator's State, because the people of that State are wealthy and they can absorb the difference." That simply is not so. So I am glad to inquire into this highly technical field and to offer an amendment which, as I say, would provide that in such a State as mine about \$3.66 a month would be given to the recipient of aged aid, without lessening by a single penny or, indeed, adding to the \$12.16 which an elderly citizen in at least one American State would receive under the terms of the bill as reported by the committee.

I ask that the Senate approve these amendments.

Mr. KERR. Mr. President, will the Senator yield?

Mr. KUCHEL. I first yield to my distinguished friend from Michigan.

Mr. POTTER. I came into the Chamber while the distinguished Senator was explaining his amendments, and I did not hear how the formula, under his amendments, would work. Can the Senator briefly explain the formula? As I understand, adoption of the amendments will mean an increase in cost of about \$40 million in the program.

Mr. KUCHEL. It will not touch the formula, but by raising the maximum amount on which the formula would operate to \$70—translated into plain language which the Senator and I can understand—it would mean no one would be given less than the schedule which the distinguished Senator from Oklahoma has provided, but some of us come from States whose eligible recipients would be given, as I say, about \$3.66, instead of 77 cents as this present bill provides.

Mr. POTTER. I believe, under the schedule of what the States will receive under the pending bill, the State of Michigan will receive about \$3.82 for each recipient. Is that correct?

Mr. KUCHEL. No. For old-age assistance, the increase would be \$5.32.

Mr. POTTER. What effect would the amendments have?

Mr. KUCHEL. They would have the effect of increasing that amount slightly.

I now yield to the able, genial, friendly Senator from Oklahoma, with the hope that in his courtesy and recognition of the principle of equity, he will accept the amendments.

Mr. KERR. Mr. President, I want to thank my esteemed friend from California for his kind remarks, and say I share his sentiments of affection and respect.

As I understand the Senator's amendments, they would raise at the upper limits the percentages to be paid by the Federal Government to be used as funds to be dispersed in certain States for old-age assistance. Is that the purpose of the Senator's amendments?

Mr. KUCHEL. That is generally true. I would answer the Senator's question in this way: Under the formula which he and his committee worked out, the \$70 figure would replace the \$65, which would be the maximum which would apply under the Senator's formula.

Mr. KERR. The Federal Government then would pay its percentage up to \$70. Is that correct?

Mr. KUCHEL. Rather than \$65.

Mr. KERR. Rather than the \$65. Does the Senator know how much additional Federal revenue that would require?

Mr. KUCHEL. Forty million dollars.

Mr. KERR. Is the Senator prepared to tell the Senate that if the amendments are adopted the bill will be signed by the President of the United States?

Mr. KUCHEL. I am not. Neither am I prepared to tell the Senate it would be in the interest of having this bill signed to see a disparity which the able Senator, I know, will acknowledge exists in the bill as it relates to the treatment which the elderly will receive under it.

Mr. KERR. Would the Senator want his amendments to prevail if, in succeeding to have it prevail, they would mean a veto of the bill?

Mr. KUCHEL. Let me ask the Senator from Oklahoma first if he suggests that the adoption of the amendments now before the Senate will incite or guarantee a veto.

Mr. KERR. I can only say this to him: That the bill as it came to the Finance Committee carried an upper limit of \$66 for the aged, and \$33 for dependent children.

We were told by the distinguished Secretary of Health, Education, and Welfare, Mr. Flemming, that if the Senate adopted such a provision in the bill he would recommend and urge the veto of the bill. I was advised that the distinguished senior Senator from California, the following day, after a visit to the White House, made a public statement concerning the President's attitude on the matter. Rather than to have the statement in any way other than as the Senator gave it, I would appreciate it if the Senator will tell the Senate what his statement was in that regard.

Mr. KNOWLAND. So many things have happened I do not want to be held word for word to the exact statement. I do not recall making the statement the Senator has referred to. I recall a White House meeting at which the administration indicated the old-age and survivors insurance provisions were generally acceptable, in the form they had been passed by the House and as they apparently were being considered in the Senate.

As to the second section, with which we are now dealing, on the public assistance phase of the matter, I believe the President was concerned that we might reverse the process and get away from 50-50 contributions when payments were above the first \$30, as to which the Federal Government makes a contribution of 80 percent. When considering the second category, the general administration view was that payments should be on a 50-50 basis, or that we should work toward the 50-50 basis.

I do not recall any statement as to dollar amount having been mentioned by me, nor do I recall the dollar amount, as such, having been mentioned at the White House. I believe the discussion was concerned with the percentage, and getting back, as to a number of the grants to the States, to the percentage approach, so that we would approach, in the second category, the dollar-for-dollar basis on the matching by the States and the Federal Government, except for the lower amounts, as to which the Federal Government pays the larger proportion.

Mr. KERR. I thank the distinguished senior Senator from California. I appreciated the Senator's announcing his impression of what had been the discussion at the White House. I am not saying anything now in criticism of it. Although I am not in agreement, I recognize it as a fact and not a theory.

It has been my purpose both in the Committee on Finance and on the floor to secure, if possible, the passage of legislation which the President, in his wisdom, will see fit to sign, and not feel compelled to veto. I gathered, from what I read in the newspapers, that the distinguished senior Senator from California had indicated the Secretary of Health, Education, and Welfare had spoken the attitude of the administration with reference to the public assistance section of the bill.

Mr. KNOWLAND. I think the statement to which the Senator refers was not one made at the White House, but was one made subsequent to a policy committee meeting, when I was asked by the press as to whether I had knowledge of what the President would do with respect to the bill. I told the representatives of the press that during the period of time I had been in the Senate the President had never made a final decision as to what he would do on a bill until the bill arrived before him in the form he would have to consider it. I stated also that the Secretary of Health, Education, and Welfare had indicated that if the bill arrived with the old age assistance in the form as it was provided in the House of Representatives, he, the Secretary of

Health, Education, and Welfare, would recommend a veto. I think that was the statement.

Mr. KERR. Again I want to thank my good friend the senior Senator from California. It is not my purpose, in anything I say or in the questions which I ask, to start a discussion of who might be right or who might be wrong. I am only appealing to Members of the Senate—who are as interested as I am in securing additional benefits not only for those under the old age and survivors' insurance program and the other categories of social security but also those who are now on the public assistance rolls—to provide an additional benefit for those who, in view of their great need, should have it.

Mr. KNOWLAND. I will say to the Senator, speaking now only in my capacity as a Senator from California and not as the minority leader, I do not believe that either the addition or the nonaddition of the amendment would make the bill veto proof or nonveto proof. I would not say the addition or the lack of addition of the amendment would change the status of the bill.

I will say to the distinguished Senator from Oklahoma, I think there should be equity and fairness to the people of California and to the people of other States of the Union. When there is such a wide disparity as exists, between an addition of 76 cents compared to an addition of \$10-plus, it is a discrepancy which is pretty hard to justify, and in due time I think it will be detrimental to our whole program. I do not think a State which has carried very heavy burdens upon its own taxpayers in order to bring up the level of the assistance should be penalized.

I know the Senator from Oklahoma is one of the leading exponents of fair and equitable treatment for the elderly people of the country. I do not think it is helpful to penalize a State which has done a great deal and which, despite the formula which may be written into the bill because of State size—even though under the formula it is assumed to be a State which is better off than others—has very heavy obligations in the field of education, in the field of highway development, and, as my junior colleague pointed out, in the field of providing water for a vast number of additional people, over 500,000 a year, who come into the State. The State does have budgetary problems not unlike the problems of the Federal Government and other States of the Union.

Again speaking in my capacity as a Senator from California, it does seem to be a gross discrepancy and inequity to have a wide range of 76-cents additional payment for the beneficiaries in one State and as high as \$10 or more additional payment for beneficiaries in another State.

I do not believe the Senator was suggesting that there should be a change, because I do not think one can rewrite formulas on the floor of the Senate. Following Congresses must give that matter consideration. I hope in the national interest something will be worked

out to provide an equitable formula for the large and the small States, with respect to those which in some respects are economically better off, which perhaps have problems some other States do not have, and which perhaps have standards higher than some other States.

It seems to me the amendment offered by my junior colleague from California, who is joined by the Senator from Minnesota, would at least partially remedy the gross inequity which—I am sure inadvertently and not by design of the committee—appears to be in the bill as presently written.

Mr. KERR. I thank the distinguished Senator for his comments. I recognize the disparity which he suggests exists in the bill. It implements what has been referred to before the committee as the variable formula.

Mr. KUCHEL. Does the Senator mean "variable matching?"

Mr. KERR. As I recall, the expression is "the variable grant formula."

Let me say to the distinguished Senator from California that the formula was recommended to the committee by the administration. I asked the Secretary of Health, Education, and Welfare this question: "If the Congress is to provide additional funds for the assistance program, does the administration favor increasing the amount under the formula now in use, or under the new formula, referred to as the variable grant formula?"

Mr. KUCHEL. The variable matching formula.

Mr. KERR. The variable matching formula.

The Secretary replied, "We very definitely favor the new formula."

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. KERR. I will yield in just a moment.

Mr. KUCHEL. Do I not have the floor?

Mr. KERR. I shall be glad to take my seat if that is what the Senator desires.

Mr. KNOWLAND. There is quite an angular colloquy going on.

Mr. KERR. The distinguished Commissioner of Social Security, Mr. Schottland, who, I believe, is from California, appeared before the committee. He is in charge of the program. He was asked about the formula in the bill, as contrasted with the formula now in effect. He stated that the position of the administration and of the Association of State Directors, without exception, is favorable to the new formula, in preference to the one now in use.

The commissioner from the State of New York, who is in charge of the assistance program in New York, under which I believe the average payment is nearly as high as that in the State of California—and I shall address myself to that great State in a moment—said that although the benefits under the bill would be correspondingly small on a per capita basis, it was felt that from the standpoint of the application of a principle throughout the Nation, the new formula should be recommended.

I know that the State of California has a great burden. It also has great

capacity. I was examining the figures showing the amount of old age assistance received in California, New York, and Pennsylvania. The great State of Pennsylvania receives almost twice as much as New York and Pennsylvania combined.

Mr. KUCHEL. Why is that?

Mr. KERR. Because the State has a tremendous capacity. It draws young people from across the Nation—including Oklahoma.

Mr. KUCHEL. Should California be denounced for that reason?

Mr. KERR. Oh, no. I am for it.

Mr. KUCHEL. Should that capacity be used as a basis for beating us down?

Mr. KERR. No. Last year the Government sent the State of California \$127 million in connection with the assistance program. California is a great State. It is on the way to becoming the first in terms of population and per capita income. Some of the finest people from Oklahoma have gone out there. California siphons off our young people.

The Senator speaks about education. We educate the young people in Oklahoma, and California lures them to that State. When I was Governor of Oklahoma the war was in progress, and rationing was in effect. It was difficult to obtain tires and gasoline.

I made periodic trips to California. The great Governor of that State at that time, now Chief Justice, was very courteous to me. On one of my visits he said to me, "You come out here quite often, do you not?" I said, "Yes, I do." He said, "You must like our State." I said, "Yes, but I come here because of a campaign pledge which I made. When I was elected Governor of Oklahoma I said I would stay with them for 4 years; and with as many Oklahomans as there are out here, how could I keep that pledge without coming out here?" [Laughter.]

So we congratulate the State of California. We envy it. I know that the source of the greatest pride in the hearts of the Senators from California is the tremendous surge of development and progress that has been achieved out there. We only wish we could emulate the example of California, from the standpoint of productivity, wealth, and ability.

Mr. KUCHEL. Let me tell the Senator how we accomplish that, in part. We have high State taxes, and it is generally conceded that taxes in California must be increased next year to keep our government solvent, to keep our schools open, and to provide the services our State laws require. The reason we have been able to be just and fair and decent with those in need is that we have taken a notch in our belts to enable us to help our fellow citizens.

Mr. KERR. In whose belts?

Mr. KUCHEL. The belts of the people of California.

Mr. KERR. Is the Senator speaking for himself or for his colleague? [Laughter.]

Mr. KUCHEL. I am speaking for myself. That is the reason we are able to do what we have done. It should not

be a principle of lawmaking that States which find it possible to deal at all generously with some of these problems should be penalized by action of the Congress. I know that my able friend agrees with me.

Mr. KERR. I would not be a party to penalizing any State, especially the great State so well represented in the Senate by the two distinguished Senators from California.

I thank the Senator for allowing me to participate in this colloquy with him and to share his time.

The Finance Committee made two reductions in the amount of money required under the assistance program. It reduced the figure of \$66 as a maximum for the aged and the \$33 for dependent children to \$65 and \$30, respectively. It postponed the effective date of the additional assistance grants from October 1 of this year to January 1, 1959.

Amendments will be offered on the floor of the Senate to reduce the \$65 in the bill and to bring about another reduction in order to bring the amount for additional assistance below \$200 million, in the hope that by so doing we may obtain a signature by the President to this bill, rather than what we feel may be a certain veto of it if we keep the present amount of assistance in it. On the basis of what I have been able to learn and the indications I have seen—and if there are contrary indications, certainly the distinguished Senator from California [Mr. KNOWLAND] is in as good a position to learn of them as is anyone else—the additional amount would not be acceptable. If the additional amount would be acceptable, I should like to know it. But, failing that, I do not believe the Senator should press an amendment which, in my judgment—and I believe in the judgment of the committee—would add to the probability of a veto of the bill.

Mr. KUCHEL. I thank my friend from Oklahoma.

The amendment we have offered operates also on the programs for the blind. I think every Member of the Senate shares the compassion I feel for one who cannot see. There is no need to dwell on that. So we can be glad that under the provisions of the bill before us, one State in the Union will receive \$17 for each blind person receiving assistance.

Others will receive \$12 additional per capita; others, \$10 additional per capita. We ought to be glad, and we ought to say that this is fine and that we recognize the very great difficulties of one who is blind. However, let us suppose that the blind person lives in California. If he lives in California under the bill before us, we do not give him a penny more from the Federal Government. Suppose he lives in the State so ably represented in part by my able friend from Massachusetts. The Federal Government would give him 70 cents from the Federal Treasury. The problems of a blind citizen are no different whether he lives in Oklahoma or Massachusetts or California, but the treatment he receives from the Federal Government, under the bill, is vastly different.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KUCHEL. Anyone who uses that kind of yardstick may be able to justify that kind of action. It is beyond my capacity to understand it. So far as I am concerned, there ought not to be any problem as to whether this type of amendment should be adopted. I yield to the Senator from Kentucky.

Mr. COOPER. So that the Senator's proposal may be clear, will he take the cases he has cited and add the Federal amounts for the various States to the amounts a blind person receives in the various States?

Mr. KUCHEL. The only thing I say is that a State which treats its blind people liberally ought not to be penalized.

Mr. COOPER. Can the Senator give the figures he used?

Mr. KUCHEL. The State of California gives \$105 a month to a blind person.

Mr. COOPER. The point I make is this. The Senator's statement might give the impression that the increases stand alone. To give the full picture the amounts would have to be added to the amount the blind persons receive in the various States.

Mr. KUCHEL. I have answered with respect to my State.

Mr. COOPER. The Senator has given three examples. Would he mind adding the amounts to the amounts a person now receives in those three States?

Mr. KUCHEL. I cannot do that, because it is an involved and new formula which is used. I cannot answer that question. It may be that the Senator from Oklahoma can refer the questions to one of the members of the staff of the Department of Health, Education, and Welfare, and get that answer for us. It may be true, and probably is, that in a State in which the additional payment of \$17 would be made to a blind person, that blind person may still be receiving less than a blind person receives in the State of California.

Mr. KUCHEL. The amendment we have offered does not destroy the additional \$17 the blind person will receive in one of our States. However, it does increase from zero to a modest amount what a person would get if he lived in California.

Mr. COOPER. I appreciate the Senator's argument. I understand what he is trying to do. However, it may be helpful to Senators to understand that the purpose of the variable amounts is to make it possible for States to give a reasonable level of assistance to blind people, to aged people who receive old-age assistances, and to mothers having dependent children.

Mr. KUCHEL. I should like to ask my friend from Massachusetts if he knows what a blind person in Massachusetts receives. We can then add that amount to the 70 cents, which this bill provides he shall receive additionally in Massachusetts and find out what he would get under the bill.

Mr. KENNEDY. I do not have the figures. However I believe that the

thesis the Senator is developing is extremely important. The bill in its present form gives no incentive to the States which attempt to make an effort on their own, and enforce a high tax level in order to pay these benefits. I would say that in a State like Massachusetts, under the bill passed by the House, there would be provided \$2.61 per recipient. As reported by the Senate Finance Committee, that amount would be reduced to \$1.81 per recipient. The amendment of the Senator from California would increase it to \$4.61 per recipient. It seems to me that the Federal Government, particularly with the emphasis which is placed today on States playing a larger part in meeting their responsibilities, ought to enter into a partnership arrangement with the States, and help them in that effort, instead of, in effect, encouraging States to lessen their own effort and rewarding those State who for one reason or another are reluctant to play their full role. The Senator's point is extremely important.

Mr. KUCHEL. I thank the Senator. He is completely right in his comments with respect to the question of whether it should be the good faith policy of the Government of the United States to penalize those States which try themselves to do a better job in this field.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. ALLOTT. As the distinguished Senator from California knows, my own State of Colorado is one of the leading States from the standpoint of the amount of pension paid to its aged people. We tax ourselves heavily in order to provide for our aged people. It is the philosophy of our people in Colorado that it is our duty to do so, in order to take care of our own people in this way.

I am referring to the report on the bill. I do not have the figures available, but apparently they have come to the Senator's attention. As I understand, the matching 50-50 fund has now been changed to 50 percent in some cases and 70 percent in other cases. Is that correct?

Mr. KUCHEL. That is my understanding of the application of the so-called variable formula.

Mr. ALLOTT. In other words, the bill takes those States which are above average income and divides the list of States and Territories in half, and to those which are in the upper half the Federal Government will contribute only to the extent of 50 percent, and to those which are in the lower half the Federal Government will contribute up to 70 percent. Is that correct?

Mr. KUCHEL. That is my general understanding of the formula.

Mr. ALLOTT. I cannot agree with that philosophy of government in any respect. I do not agree with the philosophy behind the bill. It matters not whether it is the position of the Department of Health, Education, and Welfare, or of the Committee on Finance. I do not care who promulgated that formula. I cannot go along with that

kind of thinking. Is it not correct to say that under the bill the Senator's State would get a monthly increase of 76 cents?

Mr. KUCHEL. Seventy-seven cents.

Mr. ALLOTT. The report states 76 cents.

Mr. KNOWLAND. That is a combination of all.

Mr. ALLOTT. A combination of all?

Mr. KNOWLAND. Yes.

Mr. ALLOTT. My own State, which already taxes itself heavily, would get \$2.72. Then I notice the amounts for other States. They range through \$4, \$7.96, \$9.10, \$10.29, \$7.72, \$7.85, \$9.43, \$10.26, \$8.65, and so on.

Is it not correct to say that there is no assurance that the increased tax will raise the amount of the benefit that will be paid? In other words, to some extent the increase in Federal contribution may be used by the States as a replacement of the State share, so that the amount received by the recipient need not be increased, necessarily, because a State may lower its own contribution. Can the Senator answer that question?

Mr. KUCHEL. I certainly believe that a State may change its own laws with respect to participation in any of these formulas. In addition to that, it is true that what we do here, as the Senator has so aptly put it, will go a long way to determine just exactly the action which States will take.

Mr. ALLOTT. Is it not correct to say that the States shown on page 41 of the report, which receive the highest contribution under the new formula, are, overall, the States which make the least effort to take care of their aged people?

Mr. KUCHEL. I cannot honestly answer that question. I do not know. Certainly a State so ably represented in part by my friend from Colorado, which has been in the vanguard in facing up to the problem, would, as these statistics of mine demonstrate, be penalized for the zeal which the Senator's State has shown in this field. I may say that the figures I am using are the official figures of the Department of Health, Education, and Welfare.

Mr. ALLOTT. I should like to make one other statement with respect to the remarks of the Senator from Oklahoma.

He quoted the rather large amount which the State of California receives by way of assistance. That is true. It is large. But I think it is well to state for the Record that the amounts he quoted are not based upon a per-capita basis, and that actually California, like Colorado, is not in any peculiar or favorable position now, whereas the formula in the bill certainly puts them at a disadvantage. In other words, the States which have struggled to help their aged are placed at a greater disadvantage and are asked to pay more, while the States which have not struggled so hard will get additional assistance from the Federal Government.

Mr. KUCHEL. I thank the Senator from Colorado for his excellent contribution to this discussion.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. POTTER. Is it not true that under the old formula of a 50 to 50 matching basis, all States were treated equitably according to the State's ability to finance its own program or its desire to finance its part in the program?

Under the formula in the bill, some of the States will receive a matching Federal contribution of 70 percent, while others will receive a smaller amount, which will actually put a penalty on the States which have tried to meet their obligations, and give an advantage to the States which have not done so.

I know the Senator from California is very familiar with the problems confronting a State government and a State legislature. I can well understand the reaction of a legislature in California or Colorado or Michigan, or other States which have been completely meeting the pressures to build up their own State obligations in this field, to finding that their very efforts have resulted in penalizing the States, rather than being an asset.

I am fearful that in the future of the program, this formula could very well destroy the worthwhile relationship of the Federal Government to the States in meeting the needs of the aged, the dependent children, and the blind.

If I were a member of the California Legislature, the next time an authorization bill for an increase in funds for old-age assistance came before me, I would ask, "Why should the State of California tax itself more, when it can sit back and let the Federal Government contribute a greater percentage of the program, as it has done for other States?" I think it is very unfortunate to get away from the principle of equality of treatment for the individual States.

I know it can be argued, on a national basis, that the aged in certain States do not receive as much money under this program as do the aged in California, Colorado, Michigan, and some of the other States. But, after all, the States have responsibility in this matter, too.

Mr. KUCHEL. Of course, they do.

Mr. POTTER. If the States do not wish to accept that responsibility, the alternative is to make the program completely a Federal program. But I feel certain that none of us wants such a program at this time.

I commend the Senator from California for raising this important issue now. I am convinced that unless the formula is changed, irreparable damage will be done to a program which has great merit.

Mr. KUCHEL. I thank the Senator from Michigan for his constructive and logical comments. I respect him as does every Senator, and I salute his effective leadership in the problems of social legislation.

Mr. ALLOTT. Mr. President, will the Senator yield for 1 more minute?

Mr. KUCHEL. I yield.

Mr. ALLOTT. With respect to the remarks I made a few minutes ago, I point out that as to Colorado the amount of variance is very small anyway. Within the last day, I have talked with the State director of Colorado and also with

the welfare director of the city and county of Denver, which is our largest city.

Colorado has established its plan primarily by its constitutional amendments with supplemental laws. According to how the respective States have passed their laws, all States will not follow the program alike. But, the bill before us will not and cannot mean an additional dollar of old-age assistance to any person in Colorado. Under our plan additional money will go into the welfare fund but benefits are limited so that any increase will spill over into the general fund. Under our law as it is written, it cannot mean any additional assistance or any increase to any person in Colorado.

So the people of Colorado will hear about a bill passed by Congress to raise the amount of their benefits, and they will ask their Senators, "Where is our share?" But under Colorado law, they will not get a cent of increase under the bill when it is passed. The net effect will only be for Coloradans to send an additional amount to Washington and have a portion returned for the general fund.

Mr. KUCHEL. I thank the Senator from Colorado, who has demonstrated a great understanding of the involved problems in this important field.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. CARLSON. First, I have some sympathy for the position which the Senator from California is in. I raised this question in committee.

If the Senator from California will look at the table on page 41 of the report, he will see that Mississippi is in even worse condition than is California.

Mr. KUCHEL. Yes, I see that.

Mr. CARLSON. I remind the Senator that when we attempt to alter these formulas, we get into difficulty. At present, California is not the leading State in the amount of money which is paid to recipients under old-age assistance. The first State in that respect is Connecticut, which pays \$107.32. The second State is Massachusetts, with \$97.85. The third State is New York, with \$93.89. Colorado is fourth, with \$92.30. California is fifth, with \$84.02. That is under the present schedule of payments.

But under the system under which we are operating, California has received the highest Federal contribution of any State in the Union—\$40.73.

Mr. THYE. Mr. President, will the Senator from Kansas permit me to ask the amount of the payments being made in Minnesota?

Mr. CARLSON. Minnesota pays \$79.54, and receives at present from the Federal Treasury \$36.67 for every recipient.

Under the bill, Minnesota will receive \$44.88. Also, 23.4 percent of Minnesota's recipients receive also OASI benefits.

In California, 42.9 percent of the recipients also receive OASI benefits. That is not the highest percentage in the Nation. Nevada happens to be the leading State in that respect.

It is interesting to see how this program works out. In Nevada, 45.6 percent of the recipients also get OASI benefits.

Mr. THYE. What impresses me in the amendment offered by the Senator from California, is the endeavor to equalize the amount which a recipient in each of the States will receive from the Federal Government.

When I examined the record—I had asked for the information from the committee staff—I found that some States receive as little as \$36, \$38, \$24, and \$38.70, as compared with those which were receiving almost \$100.

The amendment proposes equalizing the amount of Federal contribution paid to each of the recipients in the different States. The national average was \$66.55, according to the information I obtained from the staff. I believe I am correct in that statement; am I not?

Mr. CARLSON. That is correct. I have raised the point simply to express sympathy with the Senator from California. I should like to help in any way I can, but I am not certain, as has been stated by the Senator from California, that this is the amendment which should be adopted to remedy that situation. I do not believe we can add \$40 million—I take the Senator's figures for that—to the bill.

Mr. KUCHEL. I thank the Senator from Kansas.

Mr. President, that is about all I can do. I believe the incredible inequity which exists in the committee bill is 100 percent indefensible. I believe the adoption by the Senate of the amendment now before us will at least to some degree ameliorate a very bad situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

Mr. ANDERSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, I sincerely hope the Senate will not agree to the amendment of the Senator from California. In the first place, in my judgment, it would insure—if action of this Senate could do so—the veto of the bill.

Next to Oklahoma, there is no State I would rather help than California. I want to say the amendment would help Oklahoma.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. JOHNSON of Texas. I want to register a strong objection to the statement the Senator just made.

Mr. KERR. I appreciate the statement of my friend from Texas, but I want to say to him that in his absence the Senators from California and I got in a very cozy attitude towards each other on the floor of the Senate. [Laughter.]

Mr. JOHNSON of Texas. Now that I am back I hope the Senator will modify his statement and include Texas along with Oklahoma and California.

Mr. KERR. We will not exclude California. We will make this big enough for the three of us.

I appreciate having the opportunity to make this matter clear. As I said a while ago, I would love to help California nearly as much as I would love to help Oklahoma. If such were the law, Mr. President, before too long Oklahoma would become a beneficiary of it. But not even California can become the beneficiary of a vetoed bill.

I am looking at men on this floor who helped pass 3 rivers and harbors bills before we finally had 1 bill signed. While the part which Oklahoma got from the signed bill was about 30 percent of what it would have received had either of the other bills been signed, I want to say what Oklahoma got from the signed bill was a lot more substantial than what Oklahoma got from the vetoed bills. That is all I can say to my friend from California.

Mr. KUCHEL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield?

Mr. KERR. I will say something to the rest of the Senators.

Mr. KUCHEL. Mr. President, will the Senator yield to me?

Mr. KERR. I yield.

Mr. KUCHEL. I want to very respectfully ask my able colleague, who has not been known as an ardent supporter of this administration, when he suggests with such finality that adoption of my amendment would result in the veto of the bill, is it possible he has some secret pipeline into the inner circles of the executive branch which he has not disclosed to his brothers in the Senate?

Mr. KERR. I cannot tell whether the Senator is talking from envy or fear. [Laughter.] But I am willing to answer the question.

Mr. KUCHEL. I am speaking from envy.

Mr. KERR. I do not have any pipeline except through the distinguished Senator from California.

Mr. KUCHEL. Then how can the able Senator from Oklahoma inform his brethren that the amendment will kill the bill if the Senate agrees to it?

Mr. KERR. I did not so inform them.

Mr. KUCHEL. I gathered the Senator did.

Mr. KERR. I express the opinion that the amendment would in my judgment increase the probability of a veto.

Since the Senator has asked, I am glad to tell the Senator why I believe so. The bill before the Committee on Finance provided an assistance program which would cost an additional \$288 million per year. The Secretary of Health, Education, and Welfare said that he wanted the provision stricken from the bill. The Secretary recommended it be stricken from the bill. There was a motion made in the Finance Committee to strike the assistance provision from the bill. The motion failed by 1 vote to carry.

The Secretary of Health, Education, and Welfare said that his reason for wanting the provision stricken was that if the bill were passed with the assistance provision in it he would recommend the entire bill be vetoed, and he did not want to recommend the veto of the old-age and survivors' insurance provisions.

I submit to the distinguished Senator that if a bill which carries \$288 million for additional assistance will invite a veto and bring about the certainty of a recommendation of a veto by the Secretary of Health, Education, and Welfare, does the Senator not conceive of the possibility that the addition of another \$40 million to \$50 million would increase the probability of a veto?

Mr. KUCHEL. The Senator assumes there is a probability of a veto. I want to say to the Senator that I would not have been successful with the authorization of some of the public works projects in California if it had not been for the assistance the Senator from Oklahoma gave me. We stood together. Were we daunted by the threat of a veto?

Mr. KERR. We were not daunted. Neither did we ever get more than 10 feet from where they told us not to go. [Laughter.]

I say to the Senator we are already further out into space than our Government has ever been able to put a satellite, with respect to the bill as it is written. Now the Senator is inviting the Senate to go off yonder into the realm. If we did so, the Defense Department would not have to try to shoot a rocket around the moon. All the Defense Department would have to do is wait until we got back, and we could give them a report on it.

I hope the amendment will not be agreed to.

Mr. KUCHEL. Mr. President, I shall take but a moment.

I do not see how Senators can justify voting for a bill which will give a blind person \$17 more a month if he lives in Oklahoma, but will give him only 70 cents more a month if he lives in Massachusetts, and, if he happens to have his domicile in California, will give him nothing. I do not see how Senators can approve such an elastic yardstick. I do not see how we can approve a bill giving a person who is receiving old-age assistance in the State of Oklahoma \$12 a month more, but the person who lives in California only 77 cents more per month. That is the way the formula in the bill goes, up and down. It simply does not seem to me proper. We should not abuse States in this Union which have tried to be, and have succeeded in being, a bit more fair and just with their fellow citizens in need.

Mr. KERR. Mr. President, I wish to answer the Senator's one question.

The reason the administration itself said, as between the 2 formulas, it would recommend the one in the bill, is that the average payment to the blind person in California is now \$104.85. The average payment to the blind person in Oklahoma is now \$84.58. The average payment to the blind person in some of

the States, as of now, is about \$40 per month. In some States the payment is below \$40 per month.

With reference to the blind person who is already receiving \$104.85, that amount plus 75 cents would leave him in a considerably better position than the blind person who is now receiving \$37 per month, who might get an additional \$7 per month, would have.

That is the reason why the Secretary of Health, Education, and Welfare said that if the administration were to accept an additional amount of expenditure for assistance, it would prefer that it be under the formula in the bill, rather than the formula now in effect.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc offered by the Senator from California [Mr. KUCHEL]. (Putting the question).

Mr. KUCHEL. Mr. President, I ask for a division.

On a division, the amendments were rejected.

Mr. KUCHEL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The suggestion of the absence of a quorum will have to be withdrawn in order to permit a parliamentary inquiry.

Mr. KUCHEL. Mr. President, I withdraw the suggestion of the absence of a quorum, and ask for the yeas and nays.

Mr. KERR. Mr. President, a point of order.

The PRESIDING OFFICER. The Chair informs the Senator that the result of the vote had been announced. It is not in order to request the yeas and nays when the result of a division has already been announced.

Mr. KUCHEL. I did not hear the announcement; otherwise I would not have suggested the absence of a quorum.

The PRESIDING OFFICER. There was considerable confusion in the Chamber.

Mr. REVERCOMB. Mr. President, I offer the amendments which I send to the desk and asked to have stated.

The PRESIDING OFFICER. The amendments offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK. On page 74, between lines 7 and 8, it is proposed to insert the following new section:

FULL RETIREMENT BENEFITS FOR MEN AND WOMEN AT AGE 62

SEC. 316. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"RETIREMENT AGE

"(a) The term 'retirement age' means age 62.

"(b) Section 202 (a) (3) of such act is amended by striking out 'the age of 65' and inserting in lieu thereof 'retirement age.'

"(c) The last sentence of section 202 (a) of such act is amended by striking out 'Except as provided in subsection (q), such' and inserting in lieu thereof 'Such.'

"(d) Section 202 (b) (2) of such act is amended by striking out 'Except as provided

in subsection (q), such' and inserting in lieu thereof 'Such.'

"(e) Section 202 (j) of such act is amended by striking out paragraph (3).

"(f) Section 202 (k) (3) of such act (as amended by section 205 (h) of this act) is amended by striking out 'any reduction under subsection (q) and' and '(after reduction under subsection (q)).'

"(g) Section 202 (m) of such act (as amended by section 101 (e) of this act) is amended by striking out 'and subsection (q)' each place it appears.

"(h) Subsections (q), (r), and (s) of section 202 of such act are repealed; and subsections (t) and (u) of such section are redesignated as subsections (q) and (r), respectively.

"(l) Section 203 (b) (3) of such act is amended to read as follows:

"(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or'.

"(j) Section 216 (1) (2) of such act (as amended by sec. 201 of this act) is amended by striking out 'the age of 65' each place it appears and inserting in lieu thereof 'retirement age'.

"(k) Section 233 (a) (1) (B) of such act is amended by striking out 'the age of 65' and inserting in lieu thereof 'retirement age (defined in sec. 216 (a)).'

"(l) Section 223 (a) (1) of such act is amended by striking out 'he attains the age of 65' and inserting in lieu thereof 'he attains retirement age'.

"(m) (1) The amendment made by subsection (a) of this section shall apply only in the case of lump-sum death payments under section 202 (i) of the Social Security Act with respect to deaths occurring after 1958, and in the case of monthly benefits under title II of such act for months after December 1958.

"(2) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to par. (1) of this subsection)—

"(A) a man who attains the age of 62 prior to 1959 and who was not eligible for old-age insurance benefits under section 202 of such act (as in effect prior to the enactment of this section) for any month prior to January 1959 shall be deemed to have attained the age of 62 in 1958 or, if earlier, the year in which he died;

"(B) a man shall not, by reason of the amendment made by subsection (a) of this section, be deemed to be a fully insured individual before January 1959 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) of this section shall not be applicable in the case of any man who was eligible for old-age insurance benefits under such section 202 for any month prior to January 1959.

A man shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of the Social Security Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(3) For purposes of section 209 (1) of the Social Security Act, the amendment made by subsection (a) of this section shall apply only with respect to remuneration paid after December 1958.

"(n) The amendments made by subsections (b) through (l) of this section shall take effect January 1, 1959, and shall be applicable with respect to monthly benefits under title II of the Social Security Act for months after December 1958."

On page 29, beginning with line 1, it is proposed to strike out all through line 3, page 27.

On page 91, between lines 9 and 10, insert the following new section:

"STAND-BY PAY

"SEC. 407. (a) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 62, if he did not work for the employer in the period for which such payment is made; or'.

"(b) The amendment made by subsection (a) shall be effective with respect to remuneration paid after 1958."

Mr. REVERCOMB. Mr. President, the purpose of these amendments is to reduce the retirement age from the present age of 65 to age 62, for both men and women, for full retirement benefits.

In 1956, in the amendments to the Social Security Act, the first step was taken toward cracking the age barrier when women became eligible, with certain reservations, at age 62, rather than being required to wait until they reached age 65. While I welcomed this change because it challenged the persistent idea that the age 65 figure was somehow sacrosanct, I did not believe then, and I do not believe now, that we went far enough.

It seemed to me that it would be wise to allow full benefits to wives and dependent mothers when they reached age 62, as provided in those amendments; but I did not feel that we should require wives and women workers to accept an actuarially reduced benefit if they retired at age 62, as the law in existence today requires.

The simplest and most equitable solution, it seems to me, is to face up to the realities, and to lower the retirement age to 62 for all men and women, for full benefits at that time to those who are qualified under the act.

The concept that 65 is the magic age for retirement, which persisted for so long under our social security plan, is, I submit, a myth, based upon another myth. The first myth is that the founders of the social security system, back in 1934 and 1935, carefully weighed the question of what should be the most equitable retirement age, and then chose age 65. This is not the case, for, as I have pointed out on the floor of the Senate previously, one of the men who, as a member of the staff, participated in those decisions of the 1930's, Professor Wilbur J. Cohen, of the University of Michigan, recently wrote:

Although the committee studied many alternative financing proposals as a basis for making the recommendations for a contributory old-age insurance plan, every proposal considered was based upon 65 as the retirement age and upon retirement from work as a condition for eligibility. The committee made no detailed studies of alternative ages or of any proposals for voluntary retirement at earlier ages or of compulsory retirement or of any flexible retirement program in relation to the disability of an individual.

Why, in the face of such evidence, we continued for almost 20 years to refuse to make any change in the age 65 figure, while we changed practically every other feature of the system, is a question I have often asked myself. It was

challenged in 1948, when I sought to have the Senate reduce the retirement age from 65 to 60, but that proposal was not accepted at the time. My present proposal, to reduce retirement age to 62, is a more modest one. I offer it, however, because I believe that some progress in this area must be made immediately.

I believe, Mr. President, that the answer to our rigidity in this matter lies with the persistence of another myth—the myth that if we lower the retirement age to 62 for both men and women, everyone will flock to retire at that age. But all evidence shows that, even with the age 65 figure, most people continue working if they are able to and if they can find work or are allowed to continue on their jobs. Surveys conducted by the Social Security Administration have established this fact. The most recent one, in 1951, showed that more than half the people who retired had lost their jobs and had been forced to exist somehow for several years until they became eligible for social security. Another 30 percent had been forced to quit their jobs prior to age 65 for health reasons. Thus, more than four-fifths of the people who applied for benefits at age 65 had been forced into retirement before that age either because of poor health or because they had been laid off.

In this connection, let me quote from a news story that appeared in the Charleston, W. Va., Daily Mail not long ago:

Our latest local figures show that the great majority of full-time workers retire because they are in ill health or because they have lost their jobs. Few people in West Virginia are retiring from full-time work just to collect their social security payments, Paul L. Jefferson, manager of the Charleston social security district office said today.

This conclusion is further supported by the fact that the average retirement age under social security today is not age 65, but age 68 for men, and that there are about 2.3 million people 65 or over now in the Nation's working force.

Moreover, it is estimated that about 60 percent of these elderly workers are eligible for social security benefits. I point this out to show that lowering the age from 65 to 62 would not be an invitation to people and would not cause people who could continue to work to stop working because of the lowering of the age. I would point out that in many industries in this country today men and women are worn and tired before they reach 65.

I hope that the day will come when age 60 will be adopted. For that reason, and in that hope, I today urge the taking of this first step, which would be the first step so taken since the social security plan was enacted.

This, to my mind, is very vivid evidence of the fact that the retirement habits of the American people are not governed by the age specified in the Social Security Act, but rather by their individual circumstances. For it is rather evident, I think, that no one in good health and gainfully employed is going to rush into retirement to receive

the sum of \$76 per month—the average social-security benefit today.

The facts of the matter, then, whether we like them or not, are that many American workers are forcibly retired prior to age 65 either because of poor health or because they have been laid off. It is time that we recognize this fact in our social security plan by lowering the eligibility age to at least age 62 for both men and women.

Let me dwell for a moment on something which has grown up in the industry of this country. Men beyond the age of 45, if they find themselves out of work, have great difficulty in obtaining new work. They are men in the very peak years of their productive capacity. They are finding it difficult to find work. Those men, plus those who have passed age 60, and certainly those who have passed age 62, who are deprived of work and who cannot get any because of the system which has grown up in the industry of this country, of the nonemployment of older people, do not seek to retire. They do not want to retire. If this great plan of ours, to look after the aged people and to look after those who have become disabled through no fault of their own—through illness or through the passage of years—is to be carried out—and I certainly hope we will always have it with us and that we will constantly improve it—I feel we should now proceed to take steps to make improvements in it.

We must face these facts. Many people, especially those who spend their working life at hard physical labor, suffer injury or a chronic illness during their later years. These people, as far as our social security plan is concerned, are in a twilight zone. They are so handicapped that they cannot continue at the hard physical labor to which they are accustomed, but they are not so totally and permanently disabled that they can qualify for social security's disability benefits. I have been appalled by the large number of older workers who have written to me to point out that they are too disabled to compete in the labor field with their younger contemporaries; yet, they cannot qualify, because of one reason or another, for the cash disability benefits which were authorized by the 1956 amendments.

Moreover, their chances of finding another lighter job are very remote. For they are bucking a growing reluctance to hire older people which begins as early as age 40. A recent 7-area study conducted by the Department of Labor showed that people age 45 and over make up 40 percent of those seeking a job, and the rate increases progressively as age increases. Moreover, this study showed very clearly that unemployed older workers have less chance of finding employment once they have been laid off than do younger workers. Older men accounted for over two-fifths of the male job seekers, but represented less than one-fourth of the total of those who were hired.

In lowering the retirement age of our social security plan we will not only relieve the distress of thousands of these older men and women who are now struggling to maintain themselves until

they reach age 65, but we will bring the system into line with the realities of an age of mechanization and automation. The increase in productivity per man-hour of about 36 percent since World War II, means that American workers can retire earlier without impairing our productive power as a Nation. One worker today can produce as much as did 3 workers 50 years ago. This steady increase in productive capacity means that the worker who retires at age 63 will have produced far more in his shorter working life than did his father or grandfather who retired at age 75.

I realize that this change will cost some money. It would not be paid out of the Treasury of the United States or out of the public purse, but would be laid on what we know as the payroll tax, contributed one-half by the employer and one-half by the employee.

By reducing the age from 65 to 62, as I urge, the payroll tax of the employer and the employee would be increased by one-half of 1 percent. Each would pay that increase. That is 5 mills on the dollar. That is all the increase would amount to if we dropped the age from 65 to 62.

Under present law, the tax is already 2¼ percent, each, for the employer and the employee. Under the proposed committee amendment, which is before the Senate, the social-security tax would be increased by one-fourth of 1 percent. In other words, if the committee amendment were adopted, the tax would go to 2½ percent, each, for the employer and the employee. If the bill is passed with my amendment added to it, reducing the age to 62, the total tax will be 3 percent for the employer and 3 percent for the employee. In other words, there would be taken out of the employee's pay 3 cents out of every dollar, and that amount would be matched by the employer.

That is an increase, to be sure. I know that people do not like to have deductions made from their pay, whether it be for payroll taxes or for any other purpose. However, I urge that Congress—and the Senate in particular—proceed at this time to meet this problem, so that the elderly people may retire if they are unable to continue to work. There are many people, particularly those who work and toil in the rugged pursuits of life, who are tired and worn out at age 62.

We quite rightfully appropriate money for the defense and security of this country.

It is our most important problem and our primary duty, because it means our very existence. But as we protect the country and the people in it, there is no higher duty upon all the citizens, through their Government, than to make certain that their aged people are properly cared for, and to see to it that those who are afflicted receive reasonable support in this life.

I urge the adoption of my amendments. I think it is time that such a proposal be acted upon. I do not think the cost is too burdensome. I urge the adoption of the amendments to the amendment of the Committee on Finance.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. COOPER. Do I correctly understand the Senator from West Virginia to say that the increase in the payroll tax on the employee and the employer, if both the committee amendment and the amendments of the Senator from West Virginia are adopted, will be a total of three-quarters of 1 percent?

Mr. REVERCOMB. That is correct.

Mr. COOPER. So an employee whose maximum salary is about \$4,800 would pay a tax, under the bill and the amendments of the Senator from West Virginia, if they should be adopted, of about \$50 a year?

Mr. REVERCOMB. It is three-quarters of 1 percent of the amount of the salary. But I cannot think of any employer who would object to paying that for his aged employees.

Mr. COOPER. I was merely going to say that that is not a very large increase.

Mr. REVERCOMB. I thank the Senator for making that point. I think it is timely.

Mr. COOPER. If the amendments of the Senator from West Virginia shall be adopted, an employer having a payroll of \$100,000 will have his tax increased by \$500. That is not a very large increase.

Mr. REVERCOMB. No. I am glad the Senator from Kentucky has pointed that out so succinctly and definitely. The cost is not great. The cost to an employer having a payroll of \$100,000, as has been pointed out, is approximately \$500 a year. I think that in itself is cheap insurance for the employer to make certain that his employees, when they reach an age when they are no longer able to work, will have the benefits of the bill.

I point out, further, that in most retirement plans today, the retirement age is 60, 61, or 62 years. Seldom does the retirement age go above that, from the information I have received. It seems only proper for Congress, after all the years in which this system has continued unchanged as to the aged, to meet the problem fairly and to reduce the age limit for retirement by those who need to retire, who are worn out, sick, and unable to continue with their work.

I shall vote to reduce the age limit to 62 years. Therefore, I urge the adoption of the amendments.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. BENNETT. Does the Senator from West Virginia remember when Congress amended the law 2 years ago to permit women to retire at the age of 62? We required that if they chose that age to retire, their benefits must be reduced 20 percent.

Mr. REVERCOMB. They could make a choice as to the time of retirement.

Mr. BENNETT. That is the way the bill was passed. A sliding scale was provided. If women retire at the age of 63, the amount of reduction in benefits is less. But there is a specific requirement. They may not retire at age 62 with the full benefits which will be received by those who retire at age 65.

Is it the purpose of the Senator from West Virginia to change the law and to restore the figure of 20 percent, so as to permit women to retire at age 62 with the benefits they would have received at age 65?

Mr. REVERCOMB. As the Senator from Utah knows, widows and elderly and dependent persons do not have their benefits reduced under the statute he mentions. I believe the benefits of working women are reduced. My plan would absolutely make the provision apply to working women. They could retire at age 62 with full benefits and without any actuarial reduction.

Mr. BENNETT. Is not the Senator from West Virginia concerned about adding 10 percent to the total cost of social security? He says the amount is only one-half of 1 percent. Actually, in terms of the present cost, the increase is 10 percent.

Mr. REVERCOMB. It is based on whatever the comparative costs are. However the Senator desires to approach the question, it does not seem to me that 5 mills on the dollar, or one-half of 1 percent, is very much.

Mr. BENNETT. It is 5 mills on the dollar for employees and 5 mills on the dollar for employers, a total of an additional 1 cent on the dollar, added to the 5 cents which will now be taken out under the bill, thus making it 6 cents. So it is not a 10-percent increase; it is a 20-percent increase in terms of the total cost of the system and in terms of money. It means that we are legislating to tax the working people and the corporations which provide them with their jobs an additional \$1,800,000,000.

It is easy to talk about 5 mills; but when we talk in terms of \$1,800,000,000 to be added to the tax—and this is a tax which is to be imposed—in the face of the figures which the Senator from West Virginia himself has given, it shows that the people who voluntarily retire do so at an average of 3 years above 65, not 3 years below.

Mr. REVERCOMB. That is a point I made. They would retire at 68.

My amendments provide for reducing the age to 62 for those who need to retire, for those who cannot continue their work. They do not entitle anyone who is able to continue to stop working at an early age.

The Senator from Utah says that the average age of retirement is 68. It will remain 68. But my amendments provide for those who are broken down in health and cannot work beyond the age of 62. They are the ones whom the law was intended to cover.

Mr. BENNETT. The Senator is penalizing every workingman and woman in the United States by adding another \$1,800,000,000 to the tax which is paid, so that a few people—and the Senator insists they are comparatively few—will have the privilege of retiring 3 years earlier.

Mr. REVERCOMB. Will it penalize the working people and penalize the employers? I doubt if they will consider it as a penalty upon them. I doubt that they will consider it a penalty to know that they can retire 3 years earlier, un-

der the law, in the event that illness or disability prevents them from continuing to work. I do not consider it a penalty; I consider it as an opportunity to provide insurance against want in later years.

Also, the self-employed would have to pay on their social-security tax the rate of increase of three-fourths of 1 percent, which is another 20 percent, on top of the tax they pay at present. They are paying $3\frac{3}{4}$ percent themselves as against the 3 percent paid by the man who works for someone else. The Senator's amendments would raise the rate to $4\frac{1}{2}$ percent on all the income up to \$4,800.

However, much the Senator from Utah may dread it, and however bad a picture he may paint, I do not think it is too much of a burden to meet the situation today, even if it does raise the tax.

Mr. BENNETT. Why did not the Senator from West Virginia come before the Committee on Finance and give us an opportunity to study his proposal?

Mr. REVERCOMB. I am glad the Senator has asked that question. I did go before the Committee on Finance when Senators were invited to present their views. This very matter was presented to the Committee on Finance. But it was not presented in person, and was not considered by the Committee on Finance.

If the Committee on Finance invites Senators to present their position in writing, and makes that request specially, as was done in this case, and then does not read what was presented and does not consider what was presented, I am rather surprised at the members of the Committee on Finance for inviting statements from other Members of the Senate on this subject. When one is invited to appear before a committee and make a statement, often he has expressed a desire to submit a statement to the committee, if he then finds that, because of a lack of time, he is unable to appear in person at the committee hearing, and if, under those circumstances, he submits in writing his presentation, certainly he has a right to believe that his presentation will be considered.

So it is surprising to me to hear the able Senator from Utah say that my statement was not considered. I thought it was considered. When I presented a statement in writing on this subject, certainly I expected it to be considered.

Mr. BENNETT. I think the reason why it was not considered is that there was no evidence that anyone else in the country was interested in the Senator's proposal to increase by a total amount of \$1,800,000,000 the taxes on the nearly 70 million employed persons and on the other millions who are self-employed.

Mr. REVERCOMB. If the Senator from Utah thinks there is no interest in the subject, I wish he would read some of the mail I have received from my own State, and I wish he would hear the stories of those who have reached age 62 and have to live on a mere existence basis until they reach age 65. Certainly they are interested in these amendments.

Certainly the people of the United States are interested in these amendments. Accordingly, I believe that, in connection with the pending bill, the Members of the Senate must be interested in the amendments.

Mr. President, I hope my amendments will be agreed to.

Mr. ANDERSON. Mr. President, I shall not speak long, because we must move on.

The very able Senator from Utah [Mr. BENNETT], who is an exceedingly fine and able member of the Finance Committee, has taken particular pains with the pending measure, and has presented the facts in regard to it.

A few minutes ago, it was stated that if the Yarborough amendment had been agreed to, and if subsequently it had been enacted into law, it would have been inflationary in its effect. But the pending amendments would cost well over \$1 billion; in fact, I do not question at all the figure used by the Senator from Utah, namely, \$1,800 million.

Mr. BENNETT. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER (Mr. MORTON in the chair). Does the Senator from New Mexico yield to the Senator from Utah?

Mr. ANDERSON. I yield.

Mr. BENNETT. The figure I used, namely, \$1,800 million, is the official figure obtained from the Social Security Administration.

Mr. ANDERSON. I am sure the Senator from Utah was correct in using the figure.

The point is that a while ago we tried to provide for a graduated application.

Mr. LONG. Mr. President, will the Senator from New Mexico yield to me?

Mr. ANDERSON. I yield.

Mr. LONG. Actually, if a person found it necessary to retire because of physical disability, under the provisions of the bill he would be able to receive these payments; and the bill also provides for the making of payments in order to assist in the care of his dependents.

For instance, in the case of a person who suffered from hypertension, and who was unemployable, I believe that person would be able to retire and, under the provisions of the bill, not only receive benefit payments, but also be able to receive payments for his or her dependents, if there were such dependents.

But the pending amendments, as I understand them, would enable a person to retire and to receive the payments, even if the circumstances I have enumerated did not exist.

Mr. ANDERSON. Yes.

Mr. President, when we are trying to get the fund into the black, and to keep it in the black, obviously, it would be unwise to add to the law amendments which would cost \$1.8 billion. Therefore, I hope the pending amendments will be rejected.

Mr. REVERCOMB. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken

Allott

Anderson

Barrett

Beall

Bennett

Bible

Bridges

Bush

Byrd

Carlson

Carroll

Case, N. J.

Case, S. Dak.

Chavez

Church

Clark

Cooper

Cotton

Curtis

Dirksen

Douglas

Dworshak

Eastland

Ellender

Ervin

Fulbright

Goldwater

Gore

Green

Hayden

Hennings

Hickenlooper

Hill

Hruska

Humphrey

Ives

Jackson

Johnson, Tex.

Johnston, S. C.

Jordan

Kefauver

Kennedy

Kerr

Knowland

Kuchel

Langer

Lausche

Long

Magnuson

Malone

Mansfield

Martin, Iowa

Martin, Pa.

McClellan

McNamara

Monroney

Morse

Morton

Mundt

Murray

Neuberger

O'Mahoney

Payne

Potter

Proxmire

Purtell

Revercomb

Robertson

Russell

Saltonstall

Schoeppel

Smathers

Smith, Maine

Smith, N. J.

Sparkman

Stennis

Symington

Thurmond

Thye

Watkins

Wiley

Williams

Yarborough

Young

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The PRESIDING OFFICER. A quorum is present.

Mr. REVERCOMB. Mr. President, I ask for the yeas and nays on the amendments.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from West Virginia [Mr. REVERCOMB].

The amendments were rejected.

Mr. NEUBERGER subsequently said: Mr. President, I should like to have the RECORD show that I voted in favor of the Revercomb amendment, to lower the social security qualifying age to 62. I ask unanimous consent that a very brief statement which I have prepared be printed in the RECORD at this point as a part of my remarks.

STATEMENT BY SENATOR NEUBERGER

In my opinion, the reduction of the social security retirement age to 62 is fully merited and justified.

After all, Members of Congress can qualify for their pensions at 62.

Why should there be a different retirement age for social security annuitants?

Mr. KENNEDY. Mr. President, I have an amendment at the desk, offered by me and the Senator from New Jersey [Mr. CASE], identified as "8-8-58-F," which I ask be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. Beginning on page 3, after line 2, it is proposed to strike out all up to line 1, page 4, and insert in lieu thereof the following:

Table for determining primary insurance amount and maximum family benefits

I		II		III		IV	V	I		II		III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1954 act)		(Average monthly wage)		(Primary insurance amount payable)	(Maximum family benefits)	(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1954 act)		(Average monthly wage)		(Primary insurance amount payable)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—			At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10.00		\$30.00		\$54	\$33	\$53.00	\$35.31	\$35.80	\$74.60	\$75.40	\$181	\$184	\$81	\$146.00
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00	35.81	36.60	75.50	76.30	185	189	82	149.60
10.49	11.00	31.10	32.00	57	58	35	55.00	36.61	37.20	76.40	77.30	190	194	83	153.60
11.01	11.48	32.10	33.00	59	60	36	56.00	37.21	37.70	77.40	78.20	195	198	84	157.20
11.49	12.00	33.10	34.00	61	61	37	57.00	37.71	38.44	78.30	79.10	199	203	85	160.80
12.01	12.48	34.10	35.00	62	73	38	58.00	38.45	39.12	79.20	80.00	204	207	86	164.40
12.49	13.00	35.10	36.00	64	65	39	59.00	39.13	39.76	80.10	81.00	208	212	87	168.00
13.01	13.48	36.10	37.00	66	67	40	60.00	39.77	40.56	81.10	81.90	213	217	88	172.00
13.49	14.00	37.10	38.00	68	69	41	61.50	40.57	41.12	82.00	82.80	218	221	89	175.60
14.01	14.48	38.10	39.00	70	70	42	63.00	41.13	41.76	82.90	83.70	222	226	90	179.20
14.49	15.00	39.10	40.00	71	72	43	64.50	41.77	42.68	83.80	84.70	227	231	91	183.20
15.01	15.60	40.10	41.00	73	74	44	66.00	42.69	43.20	84.80	85.60	232	235	92	186.80
15.61	16.20	41.10	42.00	75	76	45	67.50	43.21	43.89	85.70	86.50	236	240	93	190.40
16.21	16.84	42.10	43.00	77	78	46	69.00	43.90	44.68	86.60	87.50	241	245	94	194.40
16.85	17.54	43.10	43.90	79	79	47	70.50	44.69	44.88	87.60	88.40	246	249	95	198.00
17.55	18.32	44.00	44.90	80	81	48	72.00	44.89	45.60	88.50	89.30	250	254	96	201.60
18.33	19.08	45.00	45.80	82	83	49	73.50			89.40	90.20	255	258	97	205.20
19.09	19.77	45.90	46.70	84	84	50	75.00			90.30	91.20	259	263	98	208.80
19.78	20.40	46.80	47.60	85	86	51	76.50			91.30	92.10	264	268	99	212.80
20.41	21.04	47.70	48.60	87	88	52	78.00			92.20	93.00	269	272	100	216.40
21.05	21.59	48.70	49.50	89	90	53	79.50			93.10	93.90	273	277	101	220.00
21.60	22.05	49.60	50.40	91	91	54	81.00			94.00	94.90	278	282	102	224.00
22.06	22.45	50.50	51.30	92	93	55	82.50			95.00	95.80	283	286	103	227.60
22.46	22.88	51.40	52.30	94	95	56	84.00			95.90	96.70	287	291	104	231.20
22.89	23.24	52.40	53.20	96	96	57	85.50			96.80	97.60	292	295	105	234.80
23.25	23.60	53.30	54.10	97	98	58	87.00			97.70	98.60	296	300	106	238.40
23.61	23.96	54.20	55.00	99	100	59	88.50			98.70	99.50	301	305	107	242.40
23.97	24.40	55.10	56.00	101	101	60	90.00			99.60	100.40	306	309	108	246.00
24.41	24.80	56.10	56.90	102	103	61	91.50			100.50	101.30	310	314	109	249.60
24.81	25.20	57.00	57.80	104	105	62	93.00			101.40	102.30	315	319	110	253.60
25.21	25.64	57.90	58.70	106	106	63	94.50			102.40	103.20	320	323	111	256.00
25.65	26.16	58.80	59.70	107	108	64	96.00			103.30	104.10	324	328	112	256.00
26.17	26.64	59.80	60.60	109	110	65	97.50			104.20	105.00	329	332	113	256.00
26.65	27.12	60.70	61.50	111	115	66	99.00			105.10	106.00	333	337	114	256.00
27.13	27.73	61.60	62.50	116	120	67	100.50			106.10	106.90	338	342	115	256.00
27.74	28.31	62.60	63.40	121	124	68	102.00			107.00	107.80	343	346	116	256.00
28.32	28.92	63.50	64.30	125	129	69	103.50			107.90	108.50	347	351	117	256.00
28.93	29.40	64.40	65.20	130	133	70	105.20					352	356	118	256.00
29.41	29.92	65.30	66.20	134	138	71	108.80					357	360	119	256.00
29.93	30.52	66.30	67.10	139	143	72	112.80					361	365	120	256.00
30.53	31.08	67.20	68.00	144	147	73	116.40					366	370	121	256.00
31.09	31.64	68.10	68.90	148	152	74	120.00					371	374	122	256.00
31.65	32.28	69.00	69.90	153	157	75	124.00					375	379	123	256.00
32.29	32.80	70.00	70.80	158	161	76	127.60					380	383	124	256.00
32.81	33.40	70.90	71.70	162	166	77	131.20					384	388	125	256.00
33.41	34.00	71.80	72.60	167	170	78	134.80					389	393	126	256.00
34.01	34.68	72.70	73.60	171	175	79	138.40					394	397	127	256.00
34.69	35.30	73.70	74.50	176	180	80	142.40					398	400	128	256.00

Mr. KENNEDY. Mr. President, the arguments for this amendment—or at least most of them—have been made during the discussion of the amendment offered by the Senator from Texas [Mr. YARBOROUGH].

The amendment offered by the Senator from Texas would have provided for a 10-percent increase. The bill provides for a 7-percent increase. The amendment now before the Senate would provide for an 8-percent increase. The justification for the increase is twofold.

First, the cost of living has gone up since the last increase was provided, according to the report of the Senate committee, by an average of 8 percent. The report states that since the last benefit increase was put into effect in 1954 wages have increased about 12 percent and prices have increased about 8 percent.

The second argument in favor of the amendment is that while the present deficit under which the bill would operate is 0.57, the bill would reduce the deficit to 0.25. If the amendment were accepted, the deficit would be 0.33.

I think the statement of Mr. Flemming and others brings this matter within a reasonable range. Although the percentage increase is slight, nevertheless the people involved are living on a marginal standard of existence and \$1 or \$1.50 per month increase could make some difference in their standard of living.

For these reasons the Senator from New Jersey [Mr. CASE] and I offer the amendment. We hope the amendment will be agreed to by the Senate. It is my understanding that influential members of the House Committee on Ways and Means originally favored a 10-percent increase, but finally went to the 7-percent increase because of strong pressure which was applied. It is my understanding of their feelings that an 8-percent increase would not be wholly unsatisfactory to them.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield to the Senator from New Jersey.

Mr. CASE of New Jersey. I thank the Senator. I, of course, join the Senator from Massachusetts in offering the amendment. The arguments for the amendment, as the Senator said, have been fully made in the discussion of the amendment offered by the Senator from Texas [Mr. YARBOROUGH] to provide a 10-percent increase in benefits, which both the Senator from Massachusetts and I cosponsored. The amendment is more than fiscally responsible.

Mr. President, I ask unanimous consent that the data I have prepared in support of this amendment be printed in the RECORD at this point in my remarks, and I shall not detain the Senate further.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR CASE OF NEW JERSEY

I rise in support of the amendment offered jointly by the Senator from Massachusetts [Mr. KENNEDY] and myself.

It would provide for an 8 percent increase in social-security benefits instead of the 7

percent increase provided for by the committee bill.

On July 9, on behalf of Senators PAYNE and JAVIRS, as well as myself, I introduced a bill, S. 4121, to increase social-security benefits by 10 percent. My bill also provided for an increase from \$4,200 to \$4,800 in the amount of an individual's annual earnings on which social-security taxes and benefits are computed and for a moderate acceleration in already scheduled increases in social-security tax rates.

In my judgment, a 10 percent increase in social-security benefits would be amply justified in view of the increases in the cost of living and in the general standard of living which have occurred since social-security rates were last adjusted in 1954.

Since 1954, the cost of living has increased approximately 8 percent as shown by the Consumer Price Index. But in the same period wages generally have increased approximately 12 percent and, in my judgment, that increase should certainly be taken into account in considering social-security benefits. For, so far as it is feasible, social-security beneficiaries should be allowed to share in the rising standard of living enjoyed by Americans generally. People who retired in earlier years when wages were low worked just as hard to build a prosperous nation as those who are still working today and they are equally entitled to share in the increased productivity of the American economy.

And so, Mr. President, I was a cosponsor of the 10 percent amendment offered earlier today by the Senator from Texas [Mr. YARBOROUGH].

But, though I believed, and still believe, a 10 percent increase in social-security benefits is justified, I recognized that considering, among other things, the action taken by the House of Representatives, it would probably not be realistic to hope to secure a 10 percent increase at this time. Accordingly, I joined on August 8 with Senator KENNEDY in sponsoring an amendment to increase benefits by 8 percent and I join him now in sponsoring the pending amendment for an 8 percent increase. This, Mr. President, I firmly believe is the very least we should do. As I have already pointed out, it would raise social-security benefits only to the extent of the increase in the general cost of living since 1954. It would take no account of the larger increase which has taken place in the general living standards of the American people as measured by wage increases during that period.

Both my original bill, S. 4121, and the YARBOROUGH 10 percent amendment were, and the pending Kennedy-Case amendment is, sound from the standpoint of fiscal responsibility. Under all these proposals the increased income to the social security trust fund would be greater than the cost of the increase in benefits. Each of them would actually improve the actuarial condition of the trust fund.

Under S. 4121, the increased net income to the trust fund would be 0.02 percent of payroll. Under the pending Kennedy-Case amendment the increased net income to the trust fund would be 0.24 percent of payroll. I recognize, of course, that under the 7-percent House bill, H. R. 13549, the increased net income to the trust fund would be even larger, namely, 0.32 percent of payroll.

But I emphasize that even under my original 10-percent bill, the actuarial condition of the trust fund would be improved over what it would be under existing law. And, despite concern which has been expressed about a theoretic actuarial imbalance of the trust fund, on a level premium basis calculated into perpetuity, we have it on the highest authority that for practical purposes the old-age and survivors insurance program is presently in actuarial balance according to the best available cost estimates.

The 18th annual report of the board of trustees of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund states this in so many words. The trustees are the Secretaries of Treasury, Labor, and Health, Education, and Welfare, with the Secretary of the Treasury serving as managing trustee. This report states:

"Long-range cost estimates show that for practical purposes the old-age and survivors insurance program is in actuarial balance according to the best available cost estimates. This concept means that for the long-range future, the system will have sufficient income from contributions based on the tax schedule now in the law and from interest earned on investments to meet all future payments for benefits and administrative expenses. Although aggregate disbursements of the old-age and survivors insurance trust fund over the period of the next several years are estimated to exceed aggregate receipts—a situation which, however, will be only temporary—there will be ample funds on hand to meet expenditures of the program during this period. The trust fund is intended to serve as a contingency fund as well as a source of investment income to supplement contribution receipts, and it is to be expected, therefore, that the fund may be drawn upon from time to time. Temporary periods when the assets of the fund decline are not in themselves an indication of financial weakness and do not change the fact that the program is for practical purposes in actuarial balance.

"In view of the very long-range nature of these projections, and the many variable factors involved, the deficiency for the old-age and survivors insurance system under the intermediate-cost estimate is relatively small, and so the system may be said to be in approximate actuarial balance. Under the intermediate-cost estimate the old-age and survivors insurance trust fund would have a balance of more than \$55 billion in the year 2025 and thus there is ample time in the future to make any adjustments which might be needed in the light of further experience and of future estimates."

And on June 16, 1958, Marion B. Folsom, former Secretary of Health, Education, and Welfare, told the House Ways and Means Committee:

"My own conclusion from these figures is that the system is in essentially sound financial condition for the foreseeable future and there is no cause for concern for the long-range financial condition of the program."

The following table shows the net increases which would be made in the old-age and survivors insurance trust fund for the current calendar year and the 7 succeeding calendar years under existing law, under H. R. 13549, and under S. 4121, my 10-percent bill.

OASI trust fund

Calendar year	Net increase in fund (in millions)		
	Present law	H. R. 13549	S. 4121 (Case bill)
1958.....	\$927	\$980	\$1,000
1959.....	1,420	942	1,166
1960.....	259	605	366
1961.....	139	765	503
1962.....	354	574	289
1963.....	520	2,246	144
1964.....	620	2,659	1,848
1965.....	1,089	2,809	2,410

Balance in the fund beginning of this fiscal year..... \$22.8 billion

Year 2020:
Present law..... 55
H. R. 13549..... 285
Case bill (S. 4121)..... 60 to 65

While I do not at the moment have the exact figures as to increases in the fund which would result if the pending 8 percent

benefits amendment is adopted, they would, of course, be somewhat larger than those shown in the table for S. 4121 and somewhat smaller than those shown for H. R. 13549.

So, it is clear that under my original bill as well as under the pending Kennedy-Case amendment, the fiscal condition of the trust fund would be actuarially improved over what it is under present law. That fund, already sound according to the best authority, would be made even sounder under either of these proposals.

It is my earnest hope that the Senate will adopt the pending amendment in simple justice to the millions already on the social security rolls as well as those who will come upon the rolls in the future. An 8-percent increase in benefits, more than adequately financed, is the very least this Congress should enact.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. POTTER. I wish to join the Senator from Massachusetts and the Senator from New Jersey in sponsoring this amendment, which is a compromise with the Yarborough amendment.

I wonder if the Senator from Massachusetts has ever given consideration to the possibility, rather than having a social security increase bill come up every 2 years, of adopting an escalator clause tied to the cost of living, so that as the cost of living increases, rather than having to wait 6 months or a year for Congress to act, the administration could employ the built-in escalator clause in the social security program, so that, without congressional action, the differential could be taken care of automatically.

Mr. KENNEDY. I think that is a good suggestion.

Mr. POTTER. I hope the Finance Committee will consider that as a possibility in its later deliberations.

Mr. KENNEDY. I appreciate what the Senator has said.

This amendment is tied to the increase in the cost of living, based upon the report, and I believe it would give actuarial soundness to the program.

I hope the Senate will accept the amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. LONG. The Senator refers to the fact that there is an actuarial deficit at the moment; but I believe, in addition to the increase in the bill, there will be an increase in 1960, 2 years from now, and every 3 years, until 1969. So, beginning in 1960, and every year thereafter, the fund would continue to grow, either under the Senator's amendment or the amendment of the Senator from Texas.

Mr. KENNEDY. The Senator is correct. Even if no amendments were accepted, there would be an actuarial deficit of 0.57 of 1 percent. If this amendment were accepted, the deficit would be 0.33 percent, which I believe is within a reasonable zone.

Mr. LONG. In 1960, when the next increase goes into effect, the contribution will well exceed the cost of the program.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. NEUBERGER. I believe that the amendment of the Senator from Massachusetts and his colleague from New Jersey is eminently justified. One reason which impels me to think it has great merit is the fact that I noted recently that in the soaring cost of living, the one item which has gone up more than any other single item is the cost of medical care. This burden falls particularly on elderly people. They become sick more often, which is inevitable because they are reaching the end of their lives and they have expensive, lingering illnesses which dip most heavily into their meager savings. The cost of medical care has increased more in proportion than the cost of any other phase involved in the cost of living.

I believe that the amendment offered by the Senator from Massachusetts, while more modest than the amendment of the Senator from Texas [Mr. YARBOROUGH] has the same essential justification as the amendment voted on earlier today, although it does not go quite so far, and thus, perhaps, would obtain the votes of some of our colleagues who have certain reservations regarding the amendment of the Senator from Texas, although I do not believe such reservations are justified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts, for himself and the Senator from New Jersey [Mr. CASE].

Mr. KERR. Mr. President, those sponsoring the amendment have described it accurately. It has the same merit as the amendment of the Senator from Texas [Mr. YARBOROUGH]. By the same token, it has the same lack of justification.

The Senator from Massachusetts was almost accurate in the figures he gave the Senate with reference to the actuarial deficit as of the present time. I believe he stated that on the basis of the present law it is a little over one-half of 1 percent. The statement given me by the actuarial experts of the Department is that the current actual deficit is forty-two one-hundredths of 1 percent. With the passage of this bill, if it is passed as it is now before the Senate, with the increase in taxes and the increase in benefits provided in the bill, there will still be an actuarial deficit of twenty-four one-hundredths of 1 percent. If this amendment were to be adopted, it would increase the actuarial deficit to thirty-four one-hundredths of 1 percent, which would be more than halfway between the twenty-four one-hundredths of 1 percent which the bill would result in, and the forty-two one-hundredths of 1 percent now in effect.

The Senator states that the amendment is modest in comparison with the amendment of the Senator from Texas [Mr. YARBOROUGH]. I will not deny that. I will never deny to any Senator the right to describe modesty in his own words.

However, I am reminded of the story of the boy who was confronted with what he thought was the necessity of cutting off his dog's tail. He finally decided to cut it off an inch at a time, so that it would not hurt the dog so much. It appears that the sponsors of the proposal to increase the benefits without proportionately increasing the taxes with which to pay them would do so a little at a time rather than all at once.

In view of the fact that we are confronted with the realities as they are, and not as we would like them, I certainly hope that the amendment will not be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts, for himself and the Senator from New Jersey [Mr. CASE].

The amendment was rejected.

Mr. KENNEDY. Mr. President, on behalf of the Senator from Florida [Mr. SMATHERS] and myself, I offer the amendment which I send to the desk and ask to have stated. It is designated "8-3-58-E."

The PRESIDING OFFICER. The amendment offered by the Senator from Massachusetts will be stated.

The LEGISLATIVE CLERK. On page 41, line 3, immediately after "by" it is proposed to insert "striking out ' or an amount equal to \$255, whichever is the smaller,' and by."

Mr. KENNEDY. Mr. President, this amendment is sponsored by the Senator from Florida [Mr. SMATHERS] and myself.

The amendment would remove the dollar ceiling of \$255 which now limits the lump sum payable upon death to the survivor of a person under social security. Congress intended the lump sum payment to be 3 times the regular monthly benefit, and it was, under the 1952 benefits, when the maximum monthly payment was \$85.

In 1954 the benefits were increased, but the maximum remained. If the ceiling is removed, the maximum rate will be increased to \$381. Payments could still be as low as \$99, which would restore the 3-to-1 ratio.

The amendment was approved by the Senate Finance Committee in 1954 and passed the Senate. The cost would be two one-hundredths of 1 percent of payroll, an increase so negligible as to be meaningless in a 50-year actuarial projection. Nevertheless, it would help 300,000 widows and orphans each year.

In 1954, the average cost of funerals was \$578, according to the Social Security Administration. In 1957 a study in New York showed the average cost of funerals to be \$875.

I emphasize to the Senate that this amendment is an amendment which the Senate Finance Committee previously reported. It would restore a principle which has been in our social security laws for many years. It seems to me in accordance with justice to provide that the 3-to-1 ratio shall continue.

In effect, it will lift the limitation of \$255, which is now in effect, to \$381, and thus provide a more substantial death benefit at a very trying time of

illness and death in the home of the survivor, either the widow or the widower. It is therefore the hope of myself and the Senator from Florida [Mr. SMATHERS], a member of the Committee on Finance, that the Senate will see fit to accept the amendment.

Mr. KERR. Mr. President, I should like to ask the Senator a question, if he will yield.

Mr. KENNEDY. I yield.

Mr. KERR. What would be the result of the amendment?

Mr. KENNEDY. The result of the amendment would be to lift the limitation on the cost of a funeral. It is my understanding that at the present time the law provides that the death benefit ratio shall be three times the monthly payments. However, there is a limitation imposed, existing from 1952, of \$255. It is my further understanding that the Committee on Finance and the Senate itself in 1954 lifted that limitation when it lifted the social security monthly payments. That provision was not accepted in conference. The amendment would raise the limitation. The 3 to 1 principle would remain. The death benefit would be 3 times the monthly benefit. To be realistic, it would raise that amount to \$381, in accordance with the rise in the monthly benefits during the past 8 years.

Mr. KERR. Mr. President, I hope the amendment will not be agreed to. It is true that the cost of it is small. However, I have analyzed it as carefully as I can, and find in it no benefit for the beneficiary under the old-age and survivors' insurance program. The purpose of the bill is to meet the increased cost of living, not to meet any increased cost, actual or otherwise, of dying. I will say to the distinguished Senator from Massachusetts that I have received about 10 letters asking that the amendment be adopted. Every one of them has been from a funeral director. I have had no request for the adoption of the amendment from any of the beneficiaries under the old-age and survivors' insurance program. I hope that the amendment will not be enacted.

Mr. KENNEDY. Mr. President, I shall have to take a minute or two to respond to the Senator from Oklahoma. The amendment is not for the relief of funeral directors. In 1954 the average cost of a funeral was \$578. That was 4 years ago. The cost of dying, so far as funeral expenses are concerned, has gone up substantially. Since 1954 the cost—and I admit I was as shocked as the Senator from Oklahoma, to learn this—has gone up to \$875. That is the average cost.

Mr. KERR. Mr. President, will the Senator yield again?

Mr. KENNEDY. I yield.

Mr. KERR. Was that for the beneficiaries of the old-age and survivors' insurance?

Mr. KENNEDY. No. That is what the average cost of a funeral is today. The beneficiaries under this amendment would include those who have additional sources of income, as well as those who do not have additional sources of income. The point I make is that

when we include the cost of the funeral and the cost of the lingering illness which usually leads up to the funeral, I believe the limitation in the law of \$255 is much too small. An amendment similar to this was adopted by the Senate 4 years ago.

I should think that the family of the deceased person would still have to make up a substantial amount of the cost of the funeral in order to meet the total cost. Nevertheless, it does seem to me we would provide a more realistic figure than the present limitation of \$255. It would permit a death benefit of three times the monthly payment, which I understand has been in the law from the enactment of the social-security law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY].

The amendment was rejected.

Mr. CURTIS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 41, line 15, after the word "died," it is proposed to insert "or the date of enactment of this act."

Mr. CURTIS. Mr. President, the amendment merely refers to the date controlling the benefits in the case of an adopted child where the primary insured is deceased. I believe the distinguished Senator from Oklahoma will accept the amendment.

Mr. KERR. I will accept the amendment. I do not believe it will result in any appreciable cost. I think it is a worthy amendment, and insofar as I am concerned I am willing to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska. Without objection, the amendment is agreed to.

Mr. PURTELL. Mr. President, I call up my amendment identified as "8-15-58-K."

The PRESIDING OFFICER. Does the Senator wish to have the amendment stated?

Mr. PURTELL. I ask unanimous consent that it may be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. PURTELL, ordered to be printed in the Record, is as follows:

At the end of the bill add the following new section:

"ADVISORY COUNCIL ON CHILD WELFARE SERVICES

"SEC. 705. (a) There is hereby established an Advisory Council on Child-Welfare Services for the purpose of making recommendations and advising the Secretary of Health, Education, and Welfare in connection with the effectuation of the provisions of part 3 of title V of the Social Security Act, as amended by the Social Security Amendments of 1958.

"(b) The Council shall be appointed by the Secretary before January 1959, without regard to the civil-service laws, and shall consist of 12 persons representative of public, voluntary, civic, religious, and professional

welfare organizations and groups, or other persons with special knowledge, experience, or qualifications with respect to child-welfare services, and the public.

"(c) (1) The Secretary shall make available to the Council such secretarial, clerical, and other assistance and such other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

"(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

"(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the provisions of part 3 of title V of the Social Security Act) to the Secretary and to the Congress on or before January 1, 1960, after which date such Council shall cease to exist."

Mr. PURTELL. Mr. President, under the present social security law, funds allocated for child-welfare services "shall be expended for payment of part of the cost of district, county, or other local child-welfare services in areas predominantly rural, for developing State services for the encouragement and assistance of adequate methods of community child-welfare organizations in areas predominantly rural and other areas of special need."

H. R. 13549 would change this concept so as to allow the allocations for this program to be expended both in rural and urban areas.

Since the inception of this program in 1935, the activities of voluntary agencies have been mostly in the field of the urban area, although not restricted thereto. These agencies have accepted this challenge readily and performed admirably in this field. Their fine accomplishments are evidenced by the fact that no change has been made in legislative form for a period of 23 years.

I do not rise in opposition to the proposed change. On the contrary, I merely point out that this is a significant change and its effect cannot accurately be predicted until some time after this proposal becomes law.

If we are to have public agencies working in an area in which the voluntary agencies have been most active, then I say it is important that we insure that the two agencies work cooperatively and toward the same general goals and that the work done by voluntary agencies is not taken over or restricted by the public agencies. Certainly, we do not wish this new program to operate in any way which would remotely indicate that the public agency is preempting this welfare field.

The entrance into urban areas of child welfare activities under title V of the Social Security Act should be considered—or should be directed—in those fields or in those areas not presently adequately covered by voluntary agencies and should definitely not be so employed as to supplant the existing voluntary agencies.

Surely the admirable work being done by voluntary organizations and associa-

tions—wherever it properly can be encouraged—should be encouraged to meet the public need; should not only be encouraged to continue, but to even expand in these fields. Duplication of effort could well result in waste of both money and time to the detriment of all agencies. In order to avert any such situation arising, and to utilize to the fullest extent the existing voluntary agencies and the public agencies now existing or that might well be created or expanded by this program, I suggest that we provide the machinery to help direct and assess the progress of the program initiated by the change in the law. In this regard, Mr. President, I offer an amendment, the purpose of which is to establish an advisory council to assist the Social Security Commissioner in promulgating the necessary rules and regulations to carry out this program in the urban areas. My amendment, as stated, provides that this council shall be composed of 12 members drawn from representatives of public, voluntary, civic, religious, and professional welfare organizations and the public. I have purposely made the membership sufficiently large in order that all the fine groups which have given such excellent and devoted service in this field may be represented.

I have used the arbitrary figure of 1 year for the duration of the life of the Advisory Council, but it may well be that this consulting group will prove so useful to this program and general activities in this field that the Department will wish at some future date to recommend additional legislation making this council a permanent adjunct of its child welfare activities.

I wish to inform my colleagues, Mr. President, that I have discussed with the Social Security Commissioner, Mr. Schottland, this proposed amendment, both as to the Advisory Council and the reporting of its activities. I am happy to inform my colleagues that Commissioner Schottland approves of the ideas incorporated in my amendment and assures me that he and his department would welcome such a Council and feels that it would be of not only much help to him and the Department in initiating and evaluating the program, but would obviate much initial possible misunderstanding amongst welfare agencies and be of help in getting the new program on a proper course.

I feel that we cannot overemphasize the great importance of child welfare services and that the Advisory Council for which my amendment provides will serve, in addition to the duties outlined, a most useful purpose as a forum for all these fine groups serving humanity to exchange ideas to meet the mounting problems with which they are faced.

To insure the more effective use of the expenditures provided for in this program, and in the interest of the children to be served, as well as in the interests of all those groups who serve so unselfishly, and further, in the interest of the successful operation of this program, I urge that my colleagues vote in favor of this amendment.

Mr. President, I understand the distinguished Senator from Oklahoma agrees with me that the amendment is worthwhile, and has indicated a willingness to accept it.

Mr. KERR. Mr. President, I am in accord with the purpose of the amendment. So far as I am concerned, I am perfectly willing to accept it. Under existing law, an advisory council is at work to make recommendations and suggestions with reference to the old-age and survivors insurance program. Their report will be due to the last of this year.

The bill provides for a similar advisory council to study a formula for the assistance programs. The proposal of the Senator from Connecticut concerns a child-welfare program. I shall be happy to have the Senate agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was agreed to.

Mrs. SMITH of Maine. Mr. President, I offer an amendment for myself and on behalf of my colleague [Mr. PAYNE], which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 70, between lines 3 and 4, insert the following new section:

TEACHERS IN THE STATE OF MAINE

SEC. 318. For the purposes of any modification which might be made after the date of enactment of this act and prior to July 1, 1960, by the State of Maine of its existing agreement made under section 218 of the Social Security Act, any retirement system of such State which covers positions of teachers and positions of other employees shall, if such State so desires, be deemed (notwithstanding the provisions of subsection (d) of such section) to consist of a separate retirement system with respect to the positions of such teachers and a separate retirement system with respect to the positions of such other employees; and for the purposes of this sentence, the term "teacher" shall mean any teacher, principal, supervisor, school nurse, school dietitian, school secretary or superintendent employed in any public school, including teachers in unorganized territory.

Mrs. SMITH of Maine. Mr. President, I have discussed the amendment with the chairman of the Committee on Finance. It proposes to facilitate the extension of social-security coverage to employees of certain municipalities in the State of Maine until July 1, 1960, after which it would expire. Precedent on this was established by the provision adopted for Oklahoma as part of the Social Security Amendments of 1956.

The 98th Maine Legislature enacted a law—chapter 338, Public Laws of 1957—providing that employees of the political subdivisions of the State are eligible for the benefits of social security. This act specifically excluded teachers, policemen, and firemen from its coverage if they were under an existing pension or retirement plan. In Maine, teachers are covered by the Maine State Retirement System as a class and do not depend upon the municipalities membership to make

them eligible. Consequently, those political subdivisions of the State of Maine which joined the Maine Retirement System without first securing social-security coverage are precluded from such coverage by the requirements of the Social Security Act. The purpose of this amendment is to provide a period during which the State of Maine could treat teachers in the same manner that the Social Security Act treats police and firemen, that is, as a separate class. During this period the political subdivisions which belong to the Maine Retirement System could bring their employees under the coverage of the Social Security Act.

The legislation was developed in close cooperation with the Maine Municipal Association and the Executive Secretary of the Maine State Retirement System. It would eliminate a great inequity in Maine where the employees of some local governments are now eligible for social security while the employees of adjacent communities are not.

This amendment will not impair or affect section 218 (D) (5) (A), which excludes policemen and firemen from coverage by the Social Security Act.

If it is desired, I shall be glad to discuss the amendment further, but I hope that the chairman of the Senate Finance Committee will accept it and take it to conference.

Mr. KERR. Mr. President, the amendment offered by the Senator from Maine is acceptable to me. It provides only for a situation in the State of Maine which is similar to those which have been taken care of in other States which have made similar requests. The amendment is acceptable.

The question is on agreeing to the amendment of the Senator from Maine [Mrs. SMITH].

The amendment was agreed to.

Mr. LONG. Mr. President, I offer an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 104, between lines 4 and 5, it is proposed to insert the following new section:

GENERAL PROVISIONS

SEC. 512. Title XI of the Social Security Act (relating to general provisions) is amended by adding at the end thereof the following new section:

"PAYMENTS TO STATES UNDER PUBLIC ASSISTANCE PROGRAMS

"SEC. 1111. The Secretary shall not refuse to certify for payment any amount to which a State might otherwise be entitled under the provisions of title I, IV, IX, or XIV because such State has made benefit payments under its program of assistance established by any such title to a person other than the individual upon whose behalf such payments are made, if such person has been duly appointed as guardian of such individual for the purpose of receiving such payments under the law of the State in which such individual resides."

Mr. LONG. Mr. President, the amendment relates to a difficulty experienced by the States of Louisiana and Texas, and perhaps other States, where it is necessary to appoint a guardian to receive and to administer welfare pay-

ments made on behalf of a person who is legally incompetent or who, for one reason or another, is unable to handle his own affairs.

Mr. KERR. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. KERR. I desire to suggest a little change in the language. I ask the Senator to look at it and see if it is acceptable to him. Perhaps the Senator may wish to withdraw his amendment until he can determine whether he will agree to the language I have suggested. If he is agreeable to it, I shall be happy to accept the amendment.

Mr. LONG. I suggest that we adopt the amendment; and if the Senator from Oklahoma finds that the language he suggests is—

Mr. KERR. There is a remote possibility of our not having to have a conference.

Mr. LONG. Then I shall withdraw my amendment until I have considered the modifications proposed by the Senator from Oklahoma.

Mr. REVERCOMB. Mr. President, I call up my amendment designated "8-14-58-E," and ask that it be read.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. On page 31, between lines 4 and 5, it is proposed to insert the following new section:

DEFINITION OF DISABILITY

SEC. 208. Paragraph (2) of subsection (c) of section 223 of the Social Security Act is amended to read as follows:

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. For purposes of the preceding sentence, an individual who has such a medically determinable physical or mental impairment shall, in the absence of substantial evidence to the contrary, be deemed to be unable to engage in any substantial gainful activity if, solely by reason of having such an impairment, he is unable, as a practical matter, to obtain employment. An individual shall not be considered to be under a disability unless he furnishes proof of the existence of such disability."

Mr. REVERCOMB. Mr. President, I should very much like to have the amendment accepted, but I have no such hope. However, I wish to present it to the Senate this evening.

As the amendment states in its title, it deals with the definition of disability. It elaborates on and more distinctly defines "disability" as it is used in the Social Security Act.

It is true that H. R. 13549, as passed by the House and reported by the Committee on Finance, provides a number of improvements in the disability program.

First, dependents' benefits would be payable. Second, the offset provision, because of the receipt of other disability benefits, would be eliminated.

Third, a slight modification in the length of service requirement immediately preceding the disability would be effectuated. These are all good changes. None of these provisions, however, would change the very strictly

phrased and even more strictly administered definition of "disability" in the Social Security Act.

The amendments which appear in the House passed bill will be of absolutely no help to the tens of thousands of disabled workers who have been denied benefits because the social-security people have said that they did not have a disability so severe that it made them "unable to engage in any substantial gainful activity."

According to the words of their own publication, entitled "If You Are Disabled," and the letters I have received from many disabled workers in West Virginia, the administrators of the act are interpreting this to mean that "you must have a disability which is so severe that it prevents you from doing any kind of work. Not only has the word "substantial" gotten lost in the shuffle but it appears to be immaterial as to whether the applicant for disability benefits has any real chance of finding work at all in his locality.

The strict definition of disability, in my view, is directly responsible for the greatly reduced estimates in the number of workers who will qualify for benefits. When the 1956 amendments were passed it was stated that the program was overfinanced to the extent of 0.08 percent of taxable payroll. The latest trustees' report, however, shows that this surplus has now grown to 0.15 percent of taxable payroll. That is the surplus in the trust fund today. In other words, because many disabled workers are being denied benefits under the present definition, benefit disbursements and administrative costs are equal to only 0.30 percent while contribution income and interest are equal to 0.50 percent. This means that the disability trust fund will, under existing law, build up at a rapid rate because estimated benefits are 30 percent less than the amount of money which will go into the fund. Moreover, there are indications that even these cost estimates are too high. The actuarial section of the House report on this legislation states:

The actual experience to date under the very strict definition of disability in the law has been significantly lower in cost than the intermediate-cost assumptions would indicate.

It is perhaps gratifying to some persons that the disability program is not costing as much money as originally estimated. But it is of little solace to a disabled coal miner in my State to be told that this is a strict definition and, though it is true that he cannot get work around home, the Social Security Administration has concluded that he is not eligible because it might be possible for him to get work as a janitor in New York City. I believe that the latest report of the trustees of the disability fund shows that I am not overstating my case.

I believe that the latest report of the trustee of the disability fund shows that I am not overstating the case.

In discussing the probable increase in the number of disability claims under a low-employment assumption, the report states:

Most of these claims would be denied, since the determination of disability, while

considering such factors as age, prior work experience, education and training, rests primarily on a medical determination of limitation in functional capacity, rather than on the availability of gainful employment.

If this is to be the interpretation of the disability definition, I believe Congress will have to amend the definition in the act, in order to protect the basic purpose which the program was to serve. As a clarification of congressional intent, I suggest, therefore, the adoption of my amendment, which would add the following sentence to the existing definition:

For the purposes of the preceding sentence, an individual who has such a medically determinable physical or mental impairment shall, in the absence of substantial evidence to the contrary, be deemed to be unable to engage in any substantial gainful activity if, solely by reason of having such an impairment, he is unable, as a practical matter, to obtain employment.

This qualification of present law retains, I believe, the basic concept that the disabling condition must be the sole reason that prevents the worker from finding substantial work. It would, however, override the highly subjective judgment of some employee of the Social Security Administration who, through some mysterious mental process, had determined that the worker might, under certain economic conditions, and in certain parts of the country, be able to find work. Moreover, this judgment, under present law, also requires the social security man to make a further determination—namely, that the work the applicant could theoretically pursue would be substantial, taking into consideration all sorts of factors in the applicant's education and employment history.

Such latitude of administrative discretion not only results in great variation in determinations of disability, but means, for many workers, the denial of benefits on one official's application of extremely vague standards.

I wish to call to the attention of the Senate two cases, Mr. President—and many others have come to my notice. One is that of a man who lost both his legs. He was over 50 years of age. In every way he was qualified to receive the payments—except for the ruling, by someone in the Social Security Administration, that, although he had lost both his legs, he still could perform some work. But that person in the Social Security Administration failed to take into consideration the fact that, as a practical matter, that disabled man had traveled from place to place, seeking employment, but had not been able to find employment, and also the fact that, because of his physical condition, there was no employment for him.

Another case which has come to my attention is that of a man who had a splendid job in one of the plants in my State; but he suffered a severe heart attack. Thereafter, he could not continue his work; and his doctor said he was unable to perform it. He had made payments into the fund for years; the deductions had been made regularly from his wages. Yet the ruling was that although he had a heart condition,

it was likely that he could find some work, somewhere. As a matter of fact, Mr. President, he could not find any work; and his doctor continued to tell him that he could not and should not continue his regular work; and he could not find some lighter type of work.

So my amendment would add that one sentence to the definition of "total and permanent disability," as the definition is found in the existing law.

Not only would such a person have to show that he was totally and permanently disabled—and in that connection, he would have to bear the burden of showing that, by means of medical testimony—but he would also have to prove that, as a matter of fact, he could not—because of his physical disability—obtain employment, and that therefore he was qualified to receive the payments.

I believe such procedure would be fair and practical; and I believe it would be in accordance with the congressional intent in enacting the law; and I believe we must include in the statute a definition which will result in the proper administration of the act, in accordance with the congressional intent.

According to estimates which have been furnished to me by the Chief Actuary of the Social Security Administration, the cost of the change I propose would be between one-quarter and one-half of 1 percent of the payroll. According to the actuary, the cost of the amendment cannot be estimated with any degree of definiteness.

Although I believe the estimate made by the Social Security Administration is too high—in line with the other overestimates which have characterized this program—I am willing to assume that the estimated cost might be reached, for the sake of preserving the principle of a soundly financed social-security plan. I believe, however, that Americans would be willing to pay this relatively small increase of one-fourth of 1 percent—which would amount to only \$10.50 a year for a worker who was paying the tax on wages of \$4,200, or to only \$12 a year in the case of a worker paying the tax on wages of \$4,800 a year—in order to be assured of having genuine disability insurance. I believe there is not a worker or an employer in the United States who will be unwilling to contribute that much, in order to make sure that the totally and permanently disabled are, in fact, made secure under the law.

Therefore, Mr. President, I hope the amendment will receive the earnest consideration of the Senate, and will be agreed to.

The PRESIDING OFFICER (Mr. MORTON in the chair). The question is on agreeing to the amendment of the Senator from West Virginia.

Mr. KERR. Mr. President, much as I regret it, I must rise in opposition to the amendment submitted by the Senator from West Virginia.

I understand he has predicated the submission of his amendment on the assumption that there is now a surplus in the fund for the disability program of our social security structure.

Mr. REVERCOMB. On that point, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. REVERCOMB. I was informed that there was a surplus, to the extent I have stated.

Mr. KERR. The Senator from West Virginia is entirely correct; there has been a surplus.

Mr. REVERCOMB. In fact, I went further; I pointed out that the amendment might cost an additional amount, in order to make the fund secure. I stated that it is my information that the amendment would cost one-half of 1 percent to one-quarter of 1 percent more. But my point is that even if the amendment were found to cost that much more, adoption of the amendment is justified, and that it is necessary that the amendment be adopted, in order to carry out the intent of the act.

So I desire to point out that fact to the Senator from Oklahoma, particularly when he says that I premise my amendment on a belief that there is a surplus in the fund.

Mr. KERR. I appreciate that.

However, the statement the Senator from West Virginia has just concluded indicates the difficulty in connection with his amendment. He said that his amendment, if adopted, might make it necessary to raise the tax in one amount or another; he said he does not know which one would be required. I submit to him that neither do I know that.

But with reference to the current surplus, I must say to him that the provisions, already in the bill, for increased benefits for those who are disabled, and who are eligible, under the provisions of existing law, to receive these payments, will end the possibility of the further existence of a surplus under the current rate of taxation for this part of the program.

In other words, the pending bill contains provisions for additional benefits for the disabled, benefits in the form of payments for dependents. The pending bill calls for requirements which will be easier to comply with. In the pending bill, the requirement that payments must be made during the 13 months prior to the certification of disability is eliminated; and the pending bill is more liberal in regard to the disability program than is the existing law.

The estimate is that if the bill, as it now stands, is enacted, its requirements for the payment of benefits are such that no surplus will be accumulated from the tax now provided for the program.

Mr. REVERCOMB. Mr. President, will the Senator yield at that point?

Mr. KERR. I yield.

Mr. REVERCOMB. I have not said there is no improvement made. In my statement I said there is an improvement, but I took the position, and take it now, that it does not go far enough, particularly in defining what disability is. That is a practical question. I spoke of two examples—there are many—of where men are declared medically to be able to work. A man without legs will be declared able to perform certain work. When he goes to find work, he learns that nobody has a job for him, because he is a legless man.

The question of who is disabled becomes not only a medical question, but very much a practical question. Such

a man cannot find work because of his disability and affliction. It is to that type of case that I wanted a practical type of definition extended.

Mr. KERR. I may say to the Senator that I was one of those who sponsored disability provisions which are in the law in effect at this time. I did so on the floor of the Senate in 1956, when such a provision was adopted. I favored it then. I favor it now. I favor such an expansion. It is expanded in the current bill. But I remind the Senator, as he has indicated, that not even he, the author of his own amendment, knows how much the provision for it would cost.

Mr. REVERCOMB. Will the Senator yield further?

Mr. KERR. Yes.

Mr. REVERCOMB. Using figures given by the chief actuary of the Social Security Administration, as conveyed to me—and I used the figures in my statement—on a \$4,200 basis, at one-quarter of 1 percent, it would cost \$10.50 a year a person. On the basis of the act proposed to be enacted, which raises the amount of the payroll tax to be laid, it would amount to \$12 a year.

I make the argument, and have made the argument, that is not an excessive cost in order to carry out the purposes of the law and protect these people.

We may differ about it. Some may say it is too much. I take the position it is not.

The Senator from Oklahoma has stated I do not know what it will cost. My statement was based upon the figures of the chief actuary, wherein he stated that, estimated actuarially, it would cost between one-quarter of 1 percent and one-half of 1 percent—\$2,500,000 to \$5 million—which is not very much, in my opinion.

Mr. KERR. I may say to the distinguished Senator his response to my statement demonstrates that neither he nor the actuarial authorities he is quoting know what it will cost. Therefore, it would not be consistent with the modesty which the Senator from Oklahoma has to try to tell the Senate what it would cost. The Senator from West Virginia has said it would cost between one-quarter and one-half of 1 percent on the payroll tax. I say the present program in its entirety amounts to one-half of 1 percent. So the Senator does not know whether it will increase the amount 50 percent or 100 percent.

I say to the Senator from West Virginia he cannot go to any insurance company on this earth and buy a policy containing the kind of provision he is attempting to write into this bill. I say to him there is no basis of actuarial experience for the administration of such a program. It is a worthy effort, and no one would be happier to make such benefits available to workers than would the Senator from Oklahoma. But there is a disability provision in the law. Under it we have an obligation to those who are eligible. A program is set up on the basis of which it can be observed, and under which experience can be obtained.

I do not believe it would be wise to launch into an expansion of it, the limits

of which are not known, and cannot be determined, and with reference to which there is no actuarial experience available to enable us to determine exactly what the cost might be.

I would think the Senator himself would believe that, if we are going to undertake such a tremendous expansion of the program, we would do well to have extended hearings, so that we would have the best knowledge and the best thoughts on the subject which are available, and so there might be deliberations by whichever committee would have appropriate jurisdiction, in order that after such investigation, hearings, and deliberations, there might be brought before the Senate what the cost would be, what the benefits would be, and a provision for collecting the money with which to pay for the benefits.

I do not need to remind my good friend his amendment does not provide the means for financing the benefits provided by his amendment. If it would cost one-half of 1 percent, and he has told us it might do so, and in view of the fact that is the amount involved in the bill providing for beneficiaries, and assuming it would cost an additional one-half of 1 percent, the Senator would confront the Congress with the necessity of either doubling the payment for the disability program or having it operate on the basis of paying enough money to take care of only 50 percent of the claims which would be made under the law as it exists, or under the law as it would be if the amendment were adopted.

Mr. REVERCOMB. Let me relieve the worry of the Senator that no provision is made for an increase in the payroll tax in this particular amendment. If the Senator will accept the amendment, or if this body will adopt it, there will immediately be offered an amendment to provide for an increase in the tax. I realize the amendment does not carry with it any provision for increasing the payroll tax, but if the amendment is adopted at this stage, there will promptly be offered, I assure the Senator, an amendment to provide the necessary increased payroll tax.

Mr. KERR. In view of the fact that the Senator does not know now whether the amendment would mean a 50 percent or a 100 percent increase in the payroll tax at this moment, I do not know what could transpire so that all of a sudden his mind would be illumined and would become enlightened. The Senator does not know now, but if the amendment is adopted, eo instante he will.

Mr. REVERCOMB. The Senator will know, because he is using the figures of the chief actuary, which he has used several times. The figure is that the cost will be between one-fourth of 1 percent and one-half of 1 percent. I have spoken of those figures two or three times this evening. The figures have been furnished by the official whom the Senator from Oklahoma is now defending, the chief actuary of the Social Security Administration.

Mr. KERR. I do not think an amendment could be offered which would pro-

vide for either one-half or one-quarter of 1 percent without specifically stating the amount.

ORDER TO CONVENE AT 10 O'CLOCK A. M. MONDAY

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. JOHNSON of Texas. I ask unanimous consent that when the Senate adjourns today it convene at 10 o'clock a. m., Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I am hopeful we will be able to complete action on the pending bill and complete action on the Executive Calendar before we leave this evening. We have very important legislation which the policy committee has cleared for next week. I hope we may get the social security bill and the White nomination behind us this evening.

SOCIAL SECURITY AMENDMENTS OF 1958

The Senate resumed the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

Mr. KERR. I yield the floor, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia.

The amendment was rejected.

Mr. LONG. Mr. President, I offer the amendment at the desk, which is not printed but is typed. It is the amendment which the Senator from Oklahoma said he was willing to accept as a substitute for the amendment I previously offered.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. LONG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 103, after line 6, insert the following:

"PAYMENTS TO LEGAL REPRESENTATIVES

"Sec. 511. (a) Title XI of the Social Security Act is amended by adding after section 1110 the following new section:

"PUBLIC ASSISTANCE PAYMENTS TO LEGAL REPRESENTATIVES

"Sec. 1111. For purposes of titles I, IV, X, and XIV, payments on behalf of an individual, made to another person who has been

judicially appointed, under the law of the State in which such individual resides, as legal representative of such individual for the purpose of receiving and managing such payments (whether or not he is such individual's legal representative for other purposes), shall be regarded as money payments to such individual."

"(b) The amendment made by subsection (a) shall be applicable in the case of payments to legal representatives by any State made after June 30, 1958; and to such payments by any State made after December 31, 1955, and prior to July 1, 1958, if certifications for payment to such State have been made by the Secretary of Health, Education, and Welfare with respect thereto, or such State has presented to the Secretary a claim (and such other data as the Secretary may require) with respect thereto, prior to July 1, 1959."

On page 103, line 8, strike out "511" and insert in lieu thereof "512."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. KERR. Mr. President, the amendment, as modified, is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. CHURCH. Mr. President, the Senate is soon to take another memorable stride toward perfecting a great social security system and keeping it abreast of the time. The bill before the Senate will give adequate strength to the social security system while increasing the size of each month's check to older citizens who are drawing retirement benefits.

While I do not believe a 7 percent increase is large enough to compensate for the rise in the cost of living which has occurred since the last adjustment was made in social security benefits, nevertheless the bill will help immensely toward alleviating hardships so many people who depend upon social security checks for sustenance face.

I commend also the provisions of the bill which upgrade public assistance in the various States. These provisions will greatly benefit the needy, the feeble, and the handicapped in Idaho, and will improve the maternal and child welfare programs as well.

With the passage of this historic measure Congress will keep faith with our senior citizens who in their more active and vigorous years contributed so much to build and enrich our land.

Mr. THYE. Mr. President, on page 43 of the committee report on the bill, I find a statement with respect to the question of wages paid and the number of jobs in the supergrades in the Social Security Administration. The statement is as follows:

For many years this committee has worked with officials and technical staff of the Social Security Administration in connection with the analysis legislation and the development of proposals for such legislation. The committee has been impressed with the high caliber and outstanding ability of the staff and with their diligence and devotion to the task which the committee has assigned to them. The committee is quite concerned over the fact the Social Security Administration, with over 23,000 employees, has one of the lowest incidences of supergrades of

any comparable Federal agency. For example, the Bureau of Old-Age and Survivors Insurance with over 22,000 employees has only 3 supergrades. There are many agencies in the Government with only a fraction of this number of employees with more supergrades.

Mr. President, I have discussed this matter with the chairman of the Committee on Finance, and other members of the committee. I have also spoken to the chairman of the Committee on Post Office and Civil Service, the distinguished Senator from South Carolina [Mr. JOHNSTON], and the minority member on the Republican side, the Senator from Kansas [Mr. CARLSON]. All concede that the divisions are understaffed in the higher grades.

It seems to me that while we are considering changes in the social-security law, this is the time to give consideration to an injustice with respect to the division, and to provide the proper staffing to which the division is entitled, so that this agency will have the same kind of staff we have provided for every other agency of Government.

For that reason, Mr. President, I have prepared an amendment, which is as follows: At the end of the bill add the following new section:

SEC. 705. Section 701 of the Social Security Act is amended to read as follows:

"SEC. 701. The Secretary of Health, Education, and Welfare is authorized, subject to the procedures prescribed by section 505 of the Classification Act of 1949 (5 U. S. C. 1105), to place a total of 18 positions in the Social Security Administration in grades 16, 17, and 18 of the general schedule. Notwithstanding any other provision of law, such positions shall be in addition to the number of positions authorized to be placed in such grades by subsection (b) of such section 505: *Provided further*, That the rate of basic compensation of the Commissioner of Social Security is hereby established at \$20,000 per annum."

Mr. President, I could give a further explanation of the need for this action, but I do not believe it is necessary. The committee recognizes the need. The committee has so stated in its report. The distinguished chairman of the Senate Committee on Post Office and Civil Service is on the floor, as is the distinguished minority member of the committee on the Republican side, the Senator from Kansas [Mr. CARLSON].

Mr. President, I offer the amendment and ask that it be agreed to.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 705. Section 701 of the Social Security Act is amended to read as follows:

"SEC. 701. The Secretary of Health, Education, and Welfare is authorized, subject to the procedures prescribed by section 505 of the Classification Act of 1949 (5 U. S. C. 1105), to place a total of 18 positions in the Social Security Administration in grades 16, 17, and 18 of the General Schedule. Notwithstanding any other provision of law, such positions shall be in addition to the number of positions authorized to be placed in such grades by subsection (b) of such section 505: *Provided, further*, That the rate of basic compensation of the Commissioner

of Social Security is hereby established at \$20,000 per annum."

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. THYE. I am delighted to yield.

Mr. JOHNSTON of South Carolina. We have handled this matter of supergrades on an overall basis, as the present Presiding Officer, the Senator from Kentucky [Mr. MORTON] knows. The administration comes before the committee and asks for the total number of supergrades needed for all departments. The provision is made in one pool, and the pool is then divided among the various departments in accordance with what is felt to be the need for supergrades. That is the way the matter is handled at the present time.

If we start taking such action on the floor, I fear it will not be long before every time a department request is under consideration we will have to consider nothing but supergrades.

Mr. President, under such a system it would not be long until we would have more chiefs than we would have warriors, squaws, and papooses.

Boiling it all down, we must not legislate in this manner. If we do so, it will be the wrong approach and we will simply muddy up the supergrade situation. Each agency should go to the Commission pool for needed supergrades. I do not question that this agency needs the supergrades. I am only questioning the method of obtaining them.

The agency may well need some more supergrades at the present time. I have not looked into that matter thoroughly. I take for granted what the Senator from Minnesota says is correct. I have also been advised by the Commission itself. The agency quite possibly may need these positions. But the proper consideration of the matter is before the group which allots the grades; the application can be made to the Post Office and Civil Service Committee, and we can provide the necessary positions in the proper way.

Mr. CARLSON. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. THYE. Before I yield to the Senator from Kansas, I should like to comment on the remarks made by the distinguished chairman of the Post Office and Civil Service Committee. We have long recognized the inequity of the low scale of supergrades in these important agencies. We have talked about the matter in previous debate. The committee itself has recognized the inequity by writing the report. The committee statement is to be found in the report on page 43.

If we have failed to act, I cannot understand who is responsible. If the Post Office and Civil Service Committee has not acted, then it certainly behooves me to seek action on the floor, when we are adding to the responsibilities of these divisions in a legislative enactment which is before us. For that reason, I offer the amendment and ask that it be agreed to.

I am now happy to yield to my friend from Kansas.

Mr. CARLSON. Mr. President, I brought this question up in the Finance Committee during the consideration of the bill. The Senator's amendment has great merit, but the committee and the distinguished chairman, the Senator from Virginia [Mr. BYRD] convinced me that it should not be offered in connection with that bill, and therefore I withdrew it.

Anyone who studies the salaries in the Social Security Administration must admit that there should be some increases. The Social Security Commissioner receives a salary of \$17,500. I proposed \$20,000. I find that at the present time he is receiving less salary than the Chairman of the Railroad Retirement Board, who holds a very minor position, from the standpoint of the number of employees under his control and regulation. He receives less salary than the two other members of the Railroad Retirement Board.

The Administrator of the social security program has 75,000 beneficiaries under the program, and 23,000 employees. There are three supergrade positions. I have urged that we provide 18 additional supergrade positions. At the beginning of the next session of Congress, when our committee begins to consider salary increases, if this amendment is not approved today, I expect to take action.

Mr. THYE. Mr. President, in view of the objection voiced by the chairman of the committee and the assurance I have that this question will be considered as soon as the new Congress convenes, I see nothing to be accomplished by pressing for a vote on the amendment, because I can foresee that I might meet with failure. I do not want to suffer failure. For that reason I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. MORTON. Mr. President, I am glad the Senator from Minnesota has withdrawn his amendment. As a member of the Post Office and Civil Service Committee, I am most sympathetic with the problem he has brought to our attention today. The administration has come forward in the past couple of years and asked for an increase in supergrades in general. The Civil Service Commission can then assign super grades. I intend personally to look into the problem to see if there are not some supergrades available and unassigned, which might be assigned to this agency, which, according to the Finance Committee's report and the remarks of the distinguished Senator from Minnesota, are so badly needed. If they are not available, I shall cooperate in every way I can in the next Congress to see that they are made available.

Mr. SMATHERS. Mr. President, I had intended, on behalf of the senior Senator from Florida [Mr. HOLLAND] and several other Senators, including myself, to offer an amendment to provide that people drawing social security benefits would be able to work outside and make up to \$1,800 a year and still be eligible to draw their full social secu-

ity benefits. The present limit as to what a recipient can earn and still draw social security is \$1,200. The previous limitation until 2 years ago was only \$900.

I think the present limitation of \$1,200 should be raised to \$1,800, because many people—certainly in my State, particularly, and in California and other States where there is a large proportion of elderly people who—would like to work, because they find it impossible to enjoy a decent living on the limited amount of social security payments they now receive. They fine elderly people are now unable to get full-time jobs, or even dignified part-time jobs. It is my belief that our Nation actually needs the productive capacity of these elderly people. We are not now producing as we should. It is undignified and indecent when these elderly people cannot get sufficient benefit from the social security program to live in some dignity and they make it so they cannot get jobs worth anything as regular employment in order to make up the difference.

I thought we would try to remedy that particular situation, at this time but I am advised that if such an amendment were adopted, it would cost the social security fund some \$600 million. The actuary has just told me that rather astounding fact. I have not had a chance to study this conclusion.

And so must for the time being accept it. I know that this bill already faces a prospect of veto. Rather than pursue our amendment at this particular time, I have decided not to press it, for it would increase the possibility of a veto, but I will press it next year. I shall not press it now because I think it better to make the forward step in social security, public assistance, and aid to orphans and blind which we are making in the present bill, rather than to try to get everything we would like to have, and have the bill finally vetoed, so that nothing would be gained this year.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I believe the Senator from Florida [Mr. SMATHERS] has a couple of amendments to offer.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I have been waiting to offer an amendment to the bill.

Mr. SMATHERS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 100, line 14, it is proposed to strike out "70 per centum" and insert in lieu thereof "65 per centum."

Mr. KERR. Mr. President, this statement, if adopted, would reduce the assistance program cost.

Mr. SMATHERS. Mr. President, if the Senator will yield, I will state that I have been advised that it would reduce the cost of the total bill from \$288 million down to \$217 million.

Mr. KERR. That is correct.

Mr. SMATHERS. The reason for offering the particular amendment is that I think we must be practical and sensible. Other Senators and I have been rather reliably informed that the bill in its present form would be vetoed. I know that there are some who would take the position that we ought to pass the bill we wish to pass, and let it be vetoed. But that would avail our old and needy nothing. Even with this particular amendment, the present bill would represent a sizable step forward for those eligible and enjoying the benefits of social security and the old-age assistance program. I have always believed it is better to get something rather than nothing. It is for that reason that I offer this amendment, in the belief that if adopted, the bill then would have better prospects of becoming law, and the old people of the country would then receive some increased advantages over the present situation, beginning next January.

Mr. KERR. Mr. President, I agree with what the Senator from Florida has said with reference to this amendment. The same thing applies to the amendment he will offer next. I ask that the Senate accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. SMATHERS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 94, line 3, it is proposed to strike out "five-sixths" and insert "fourteen-seventenths"; on page 94, line 5, it is proposed to strike out "\$18" and insert "\$17."

Mr. SMATHERS. Mr. President, I offer this amendment for exactly the same reasons as I offered the previous amendment. I think it is important that we take a step forward this year with respect to improving the benefits of the social security program to the elderly people and the needy people of the Na-

tion. It serves no purpose for a dog to sit back and bay at the moon. Nor does it accomplish anything for Senators to hold glittering promises, or assurances before our elderly people—and then know they will be snatched away by veto. That is cruel and hurtful. If the Senate accepts this amendment, there is no doubt that the President will accept the bill and we shall have made a considerable step forward. This particular amendment would reduce the cost of the program to \$197 million.

Mr. KERR. Mr. President, I feel the same way about this amendment as I did with respect to the previous amendment. It is with deep regret that I contemplate it, but, sharing the feeling of the Senator from Florida, I agree to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

Mr. MORSE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator desire to have the amendment printed in the RECORD?

Mr. MORSE. Yes, but it is not necessary to read it. I shall discuss it.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment offered by Mr. MORSE, ordered to be printed in the RECORD, is as follows:

It is proposed to strike out all after the enacting clause and to insert in lieu thereof the following:

"TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

"Increase in primary insurance amount

"SEC. 101. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"(a) Subject to the conditions specified in subsections (b), (c), and (d) of this section, the primary insurance amount of an insured individual shall be whichever of the following is the largest:

"(1) The amount in column IV on the line on which in column III of the following table appears his average monthly wage (as determined under subsection (b));

"(2) The amount in column IV on the line on which in column II of the following table appears his primary insurance amount (as determined under subsection (c));

"(3) The amount in column IV on the line on which in column I of the following table appears his primary insurance benefit (as determined under subsection (d));

"(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he became entitled to old-age insurance benefits or died, the amount in column IV which is equal to his disability insurance benefit.

“Table for determining primary insurance amount and maximum family benefits

“ I “(Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)	IV (Primary insurance amount payable)	V (Maximum family benefits)	“ I “(Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)	IV (Primary insurance amount payable)	V (Maximum family benefits)
“ If an individual's primary insurance benefit (as deter- mined under subsec. (c)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—	The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as pro- vided in sec. 203 (a)) on the basis of his wages and self- employ- ment income shall be—	“ If an individual's primary insurance benefit (as deter- mined under subsec. (c)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—	The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as pro- vided in sec. 203 (a)) on the basis of his wages and self- employ- ment income shall be—
“ At least—	But not more than—	At least—	But not more than—				“ At least—	But not more than—	At least—	But not more than—			
“ \$10.96	\$10.95	\$32.00	\$31.90	Less than \$59	\$40.00	\$60.00	\$30.17	\$30.27	\$66.60	\$66.70	Less than \$141	\$83.40	\$130.50
11.25	11.24	32.00	32.50	59	40.70	61.10	30.28	30.36	66.80	66.90	142	83.70	131.40
11.49	11.48	32.60	33.00	60	41.30	62.00	30.37	30.52	67.00	67.10	143	83.90	132.30
11.81	11.80	33.10	33.60	61	42.00	63.00	30.53	30.64	67.20	67.30	144	84.20	133.20
12.05	12.04	33.70	34.10	62	42.70	64.10	30.65	30.80	67.40	67.50	145	84.40	134.20
12.36	12.35	34.20	34.70	63	43.40	65.10	30.81	30.92	67.60	67.70	146	84.70	135.10
12.61	12.60	34.80	35.20	64	44.00	66.00	30.93	31.00	67.80	67.90	147	84.90	136.00
12.89	12.88	35.30	35.80	65	44.80	67.20	31.01	31.08	68.00	68.10	148	85.20	136.90
13.16	13.15	35.90	36.30	66	45.40	68.10	31.09	31.16	68.20	68.30	149	85.40	137.90
13.45	13.44	36.40	36.90	67	46.20	69.30	31.17	31.36	68.40	68.50	150	85.70	138.80
13.69	13.68	37.00	37.40	68	46.80	70.20	31.37	31.52	68.60	68.70	151	85.90	139.70
13.99	13.98	37.50	38.00	69	47.50	71.30	31.53	31.64	68.80	68.90	152	86.20	140.60
14.01	14.24	38.10	38.50	70	48.20	72.30	31.65	31.73	69.00	69.10	153	86.40	141.60
14.25	14.55	38.60	39.10	71	48.90	73.40	31.74	31.80	69.20	69.30	154	86.70	142.50
14.56	14.80	39.20	39.60	72	49.50	74.30	31.81	32.00	69.40	69.50	155	85.90	143.40
14.81	15.12	39.70	40.20	73	50.30	75.50	32.01	32.10	69.60	69.70	156	87.20	144.30
15.13	15.41	40.30	40.70	74	50.90	76.40	32.11	32.28	69.80	69.90	157	87.40	145.30
15.42	15.76	40.80	41.30	75	51.70	77.60	32.29	32.40	70.00	70.10	158	87.70	146.20
15.77	16.04	41.40	41.80	76	52.30	78.50	32.41	32.50	70.20	70.30	159	87.90	147.10
16.05	16.44	41.90	42.40	77	53.00	79.50	32.51	32.60	70.40	70.50	160	88.20	148.00
16.45	16.80	42.50	42.90	78	53.70	80.60	32.61	32.80	70.60	70.70	161	88.40	149.00
16.81	17.23	43.00	43.50	79	54.40	81.60	32.81	32.90	70.80	70.90	162	88.70	149.90
17.24	17.60	43.60	44.00	80	55.00	82.50	32.91	33.08	71.00	71.10	163	88.90	150.80
17.61	18.08	44.10	44.60	81	55.80	83.70	33.09	33.20	71.20	71.30	164	89.20	151.70
18.09	18.50	44.70	45.10	82	56.40	84.60	33.21	33.30	71.40	71.50	165	89.40	152.70
18.51	19.00	45.20	45.70	83	57.20	85.80	33.31	33.40	71.60	71.70	166	89.70	153.60
19.01	19.36	45.80	46.20	84	57.80	86.70	33.41	33.60	71.80	71.90	167	89.90	154.50
19.37	19.84	46.30	46.80	85	58.50	87.80	33.61	33.70	72.00	72.10	168	90.20	155.40
19.85	20.20	46.90	47.30	86	59.20	88.80	33.71	33.88	72.20	72.30	169	90.40	156.40
20.21	20.60	47.40	47.90	87	59.90	89.90	33.89	34.00	72.40	72.50	170	90.70	157.30
20.61	20.92	48.00	48.40	88	60.50	90.80	34.01	34.10	72.60	72.70	171	90.90	158.20
20.93	21.28	48.50	49.00	89	61.30	92.00	34.11	34.20	72.80	72.90	172	91.20	159.10
21.29	21.59	49.10	49.50	90	61.90	92.90	34.21	34.40	73.00	73.10	173	91.40	160.10
21.60	21.88	49.60	50.10	91	62.70	94.10	34.41	34.50	73.20	73.30	174	91.70	161.00
21.89	22.16	50.20	50.60	92	63.30	95.00	34.51	34.68	73.40	73.50	175	91.90	161.90
22.17	22.40	50.70	51.20	93	64.00	96.00	34.69	34.80	73.60	73.70	176	92.20	162.80
22.41	22.65	51.30	51.70	94	64.70	97.10	34.81	34.90	73.80	73.90	177	92.40	163.80
22.66	22.88	51.80	52.30	95	65.40	98.10	34.91	35.00	74.00	74.10	178	92.70	164.70
22.89	23.08	52.40	52.80	96	66.00	99.00	35.01	35.20	74.20	74.30	179	92.90	165.00
23.09	23.32	52.90	53.40	97	66.80	100.20	35.21	35.30	74.40	74.50	180	93.20	166.50
23.33	23.52	53.50	53.90	98	67.40	101.10	35.31	35.48	74.60	74.70	181	93.40	167.50
23.53	23.76	54.00	54.50	99	68.20	102.30	35.49	35.60	74.80	74.90	182	93.70	168.40
23.77	23.96	54.60	55.00	100	68.80	103.20	35.61	35.70	75.00	75.10	183	93.90	169.30
23.97	24.20	55.10	55.60	101	69.50	104.30	35.71	35.80	75.20	75.30	184	94.20	170.20
24.21	24.44	55.70	56.10	102	70.20	105.30	35.81	36.00	75.40	75.50	185	94.40	171.20
24.45	24.70	56.20	56.70	103	70.90	106.40	36.01	36.10	75.60	75.70	186	94.70	172.10
24.71	24.96	56.80	57.20	104	71.50	107.30	36.11	36.28	75.80	75.90	187	94.90	173.00
24.96	25.20	57.30	57.80	105	72.30	108.50	36.29	36.40	76.00	76.10	188	95.20	173.90
25.21	25.44	57.90	58.30	106	72.90	109.40	36.41	36.50	76.20	76.30	189	95.40	174.90
25.45	25.78	58.40	58.90	107	73.70	110.60	36.51	36.60	76.40	76.50	190	95.70	175.80
25.79	26.00	59.00	59.40	108	74.30	111.50	36.61	36.80	76.60	76.70	191	95.90	176.70
26.01	26.28	59.50	60.00	109	75.00	112.50	36.81	36.90	76.80	76.90	192	96.20	177.60
26.29	26.60	60.10	60.50	110	75.70	113.60	36.91	37.08	77.00	77.10	193	96.40	178.60
26.61	26.70	60.60	60.70	111	75.90	113.90	37.09	37.20	77.20	77.30	194	96.70	179.50
26.71	26.76	60.80	60.90	112	76.20	114.30	37.21	37.30	77.40	77.50	195	96.90	180.40
26.77	26.88	61.00	61.10	113	76.40	114.60	37.31	37.40	77.60	77.70	196	97.20	181.30
26.89	27.00	61.20	61.30	114	76.70	115.10	37.41	37.60	77.80	77.90	197	97.40	182.30
27.01	27.12	61.40	61.50	115	76.90	115.40	37.61	37.70	78.00	78.10	198	97.70	183.20
27.13	27.24	61.60	61.70	116	77.20	115.80	37.71	37.88	78.20	78.30	199	97.90	184.10
27.25	27.32	61.80	61.90	117	77.40	116.00	37.89	38.00	78.40	78.50	200	98.20	185.00
27.33	27.46	62.00	62.10	118	77.70	116.60	38.01	38.11	78.60	78.70	201	98.40	186.00
27.47													

“Table for determining primary insurance amount and maximum family benefits—Continued

“I “(Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)	IV (Primary insurance amount payable)	V (Maximum family benefits)	“I “(Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)	IV (Primary insurance amount payable)	V (Maximum family benefits)
“If an individual’s primary insurance benefit (as deter- mined under subsec. (c)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—	The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as pro- vided in sec. 203 (a)) on the basis of his wages and self- employ- ment income shall be—	“If an individual’s primary insurance benefit (as deter- mined under subsec. (c)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—	The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as pro- vided in sec. 203 (a)) on the basis of his wages and self- employ- ment income shall be—
“At least—	But not more than—	At least—	But not more than—				“At least—	But not more than—	At least—	But not more than—			
\$41.45	\$41.56	\$83.20	\$83.30	Less than \$224	\$104.20	\$207.20			\$100.20	\$100.30	Less than \$309	\$125.40	\$285.90
41.57	41.67	83.40	83.40	225	104.40	208.20			100.40	100.50	310	125.70	286.80
41.68	41.76	83.60	83.70	226	104.70	209.10			100.60	100.70	311	125.90	287.70
41.77	42.00	83.80	83.90	227	104.90	210.10			100.80	100.90	312	126.20	288.60
42.00	42.11	84.00	84.10	228	105.20	210.90			101.00	101.10	313	126.40	289.60
42.12	42.32	84.20	84.30	229	105.40	211.90			101.20	101.30	314	126.70	290.50
42.33	42.44	84.40	84.50	230	105.70	212.80			101.40	101.50	315	126.90	291.40
42.45	42.66	84.60	84.70	231	105.90	213.70			101.60	101.70	316	127.20	292.30
42.67	42.68	84.80	84.90	232	106.20	214.60			101.80	101.90	317	127.40	293.30
42.69	42.88	85.00	85.10	233	106.40	215.60			102.00	102.10	318	127.70	294.20
42.89	43.00	85.20	85.30	234	106.70	216.50			102.20	102.30	319	127.90	295.10
43.01	43.20	85.40	85.50	235	106.90	217.40			102.40	102.50	320	128.20	296.00
43.21	43.32	85.60	85.70	236	107.20	218.30			102.60	102.70	321	128.40	297.00
43.33	43.44	85.80	85.90	237	107.40	219.30			102.80	102.90	322	128.70	297.90
43.45	43.56	86.00	86.10	238	107.70	220.20			103.00	103.10	323	128.90	298.80
43.57	43.76	86.20	86.30	239	107.90	221.10			103.20	103.30	324	129.20	299.70
43.77	43.89	86.40	86.50	240	108.20	222.00			103.40	103.50	325	129.40	300.70
43.90	44.12	86.60	86.70	241	108.40	223.00			103.60	103.70	326	129.70	301.60
44.13	44.20	86.80	86.90	242	108.70	223.90			103.80	103.90	327	129.90	302.50
44.21	44.33	87.00	87.10	243	108.90	224.80			104.00	104.10	328	130.20	303.40
44.34	44.44	87.20	87.30	244	109.20	225.70			104.20	104.30	329	130.40	304.40
44.45	44.68	87.40	87.50	245	109.40	226.70			104.40	104.50	330	130.70	305.30
44.69	44.78	87.60	87.70	246	109.70	227.60			104.60	104.70	331	130.90	306.20
44.79	44.80	87.80	87.90	247	109.90	228.50			104.80	104.90	332	131.20	307.10
44.81	44.84	88.00	88.10	248	110.20	229.40			105.00	105.10	333	131.40	308.10
44.85	44.88	88.20	88.30	249	110.40	230.40			105.20	105.30	334	131.70	309.00
44.89	45.60	88.40	88.50	250	110.70	231.30			105.40	105.50	335	131.90	309.90
		88.60	88.70	251	110.90	232.20			105.60	105.70	336	132.20	310.80
		88.80	88.90	252	111.20	233.10			105.80	105.90	337	132.40	311.80
		89.00	89.10	253	111.40	234.10			106.00	106.10	338	132.70	312.70
		89.20	89.30	254	111.70	235.00			106.20	106.30	339	132.90	313.60
		89.40	89.50	255	111.90	235.90			106.40	106.50	340	133.20	314.50
		89.60	89.70	256	112.20	236.80			106.60	106.70	341	133.40	315.50
		89.80	89.90	257	112.40	237.80			106.80	106.90	342	133.70	316.40
		90.00	90.10	258	112.70	238.70			107.00	107.10	343	133.90	317.30
		90.20	90.30	259	112.90	239.60			107.20	107.30	344	134.20	318.20
		90.40	90.50	260	113.20	240.50			107.40	107.50	345	134.40	319.20
		90.60	90.70	261	113.40	241.50			107.60	107.70	346	134.70	320.10
		90.80	90.90	262	113.70	242.40			107.80	107.90	347	134.90	321.00
		91.00	91.10	263	113.90	243.30			108.00	108.10	348	135.20	321.90
		91.20	91.30	264	114.20	244.20			108.20	108.30	349	135.40	322.90
		91.40	91.50	265	114.40	245.20			108.40	108.50	350	135.70	323.80
		91.60	91.70	266	114.70	246.10					351	135.90	324.70
		91.80	91.90	267	114.90	247.00					352	136.20	325.60
		92.00	92.10	268	115.20	247.90					353	136.40	326.60
		92.20	92.30	269	115.40	248.90					354	136.70	327.50
		92.40	92.50	270	115.70	249.80					355	136.90	328.40
		92.60	92.70	271	115.90	250.70					356	137.20	329.30
		92.80	92.90	272	116.20	251.60					357	137.40	330.30
		93.00	93.10	273	116.40	252.60					358	137.70	331.20
		93.20	93.30	274	116.70	253.50					359	137.90	332.10
		93.40	93.50	275	116.90	254.40					360	138.20	333.00
		93.60	93.70	276	117.20	255.30					361	138.40	334.00
		93.80	93.90	277	117.40	256.30					362	138.70	334.90
		94.00	94.10	278	117.70	257.20					363	138.90	335.80
		94.20	94.30	279	117.90	258.10					364	139.20	336.70
		94.40	94.50	280	118.20	259.00					365	139.40	337.70
		94.60	94.70	281	118.40	260.00					366	139.70	338.60
		94.80	94.90	282	118.70	260.90					367	139.90	339.50
		95.00	95.10	283	118.90	261.80					368	140.20	340.40
		95.20	95.30	284	119.20	262.70					369	140.40	341.40
		95.40	95.50	285	119.40	263.70					370	140.70	342.30
		95.60	95.70	286	119.70	264.60					371	140.90	343.20
		95.80	95.90	287	119.90	265.50					372	141.20	344.10
		96.00	96.10	288	120.20	266.40					373	141.40	345.10
		96.20	96.30	289	120.40	267.40					374	141.70	346.00
		96.40	96.50	290	120.70	268.30					375	141.90	346.20
		96.60	96.70	291	120.90	269.20					376	142.20	346.20
		96.80	96.90	292	121.20	270.10					377	142.40	346.20
		97.00	97.10	293	121.40	271.10					378	142.70	346.20
		97.20	97.30	294	121.70	272.00					379	142.90	346.20
		97.40	97.50	295	121.90	272.90					380	143.20	346.20
		97.60	97.70	296	122.20	273.80					381	143.40	346.20
		97.80	97.90	297	122.40	274.80					382	143.70	346.20
		98.00	98.10	298	122.70	275.70					383	143.90	346.20
		98.20	98.30	299	122.90	276.60					384	144.20	346.20
		98.40	98.50	300	123.20	277.50					385	144.40	346.20
		98.60	98.70	301	123.40	278.50					386	144.70	346.20
		98.80	98.90	302	123.70	279.40					387	144.90	346.20
		99.00	99.10	303	123.90	280.30					388	145.20	346.20
		99.20	99.30	304	124.20	281.20					389	145.40	346.20
		99.40	99.50	305	124.40	282.20					390	145.70	346.20
		99.60	99.70	306	124.70	283.10					391	145.90	346.20
		99.80	99.90	307	124.90	284.00					392	146.20	346.20
		100.00	100.10	308	125.20	284.90					393	146.40	346.20

“Table for determining primary insurance amount and maximum family benefits—Continued

“I “(Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)	IV (Primary insurance amount payable)	V (Maximum family benefits)	“I “(Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1954 act)		III (Average monthly wage)	IV (Primary insurance amount payable)	V (Maximum family benefits)
“If an individual’s primary insurance benefit (as deter- mined under subsec. (c)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—	The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as pro- vided in sec. 203 (a)) on the basis of his wages and self- employ- ment income shall be—	“If an individual’s primary insurance benefit (as deter- mined under subsec. (c)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—	The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as pro- vided in sec. 203 (a)) on the basis of his wages and self- employ- ment income shall be—
“At least—	But not more than—	At least—	But not more than—				“At least—	But not more than—	At least—	But not more than—			
				Less than \$394	\$146.70	\$346.20					Less than \$448	\$160.20	\$346.20
				395	146.90	346.20					449	160.40	346.20
				396	147.20	346.20					450	160.70	346.20
				397	147.40	346.20					451	160.90	346.20
				398	147.70	346.20					452	161.20	346.20
				399	147.90	346.20					453	161.40	346.20
				400	148.20	346.20					454	161.70	346.20
				401	148.40	346.20					455	161.90	346.20
				402	148.70	346.20					456	162.20	346.20
				403	148.90	346.20					457	162.40	346.20
				404	149.20	346.20					458	162.70	346.20
				405	149.40	346.20					459	162.90	346.20
				406	149.70	346.20					460	163.20	346.20
				407	149.90	346.20					461	163.40	346.20
				408	150.20	346.20					462	163.70	346.20
				409	150.40	346.20					463	163.90	346.20
				410	150.70	346.20					464	164.20	346.20
				411	150.90	346.20					465	164.40	346.20
				412	151.20	346.20					466	164.70	346.20
				413	151.40	346.20					467	164.90	346.20
				414	151.70	346.20					468	165.20	346.20
				415	151.90	346.20					469	165.40	346.20
				416	152.20	346.20					470	165.70	346.20
				417	152.40	346.20					471	165.90	346.20
				418	152.70	346.20					472	166.20	346.20
				419	152.90	346.20					473	166.40	346.20
				420	153.20	346.20					474	166.70	346.20
				421	153.40	346.20					475	166.90	346.20
				422	153.70	346.20					476	167.20	346.20
				423	153.90	346.20					477	167.40	346.20
				424	154.20	346.20					478	167.70	346.20
				425	154.40	346.20					479	167.90	346.20
				426	154.70	346.20					480	168.20	346.20
				427	154.90	346.20					481	168.40	346.20
				428	155.20	346.20					482	168.70	346.20
				429	155.40	346.20					483	168.90	346.20
				430	155.70	346.20					484	169.20	346.20
				431	155.90	346.20					485	169.40	346.20
				432	156.20	346.20					486	169.70	346.20
				433	156.40	346.20					487	169.90	346.20
				434	156.70	346.20					488	170.20	346.20
				435	156.90	346.20					489	170.40	346.20
				436	157.20	346.20					490	170.70	346.20
				437	157.40	346.20					491	170.90	346.20
				438	157.70	346.20					492	171.20	346.20
				439	157.90	346.20					493	171.40	346.20
				440	158.20	346.20					494	171.70	346.20
				441	158.40	346.20					495	171.90	346.20
				442	158.70	346.20					496	172.20	346.20
				443	158.90	346.20					497	172.40	346.20
				444	159.20	346.20					498	172.70	346.20
				445	159.40	346.20					499	172.90	346.20
				446	159.70	346.20					500	173.20	346.20
				447	159.90	346.20							

“Determinations for computation of primary insurance amount

“(b) (1) The first word in subsection (b) (1) of section 215 of such act is deleted and the following words are substituted: ‘For the purposes of column III of the table appearing in subsection (a) of this section an.’

“(2) Paragraph 4 of such section 215 (b) of such act is amended to read as follows:

“(4) In the case of any individual, the Secretary shall determine the five or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual’s average monthly wage. In the

case of any individual who has not less than 28 quarters of coverage, the maximum number of full calendar years determined under the first sentence of this paragraph shall be increased by the number equal to the quotient obtained by dividing the quarters of coverage such individual has by 28, except that if the quotient so obtained is not a whole number, it shall be reduced to the next lower whole number.”

“(3) Such section 215 (b) of such act is further amended by adding at the end thereof the following paragraph:

“(5) The provisions of this subsection shall be applicable only in the case of an individual—

“(A) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage and

“(B) (i) who becomes entitled to benefits under section 202 (a) or section 223 after

the second month following the month in which the Social Security Amendments of 1958 are enacted, or (ii) who dies after such second month without being entitled to benefits under such section 202 (a) or section 223, or (iii) who files an application for a recomputation under section 215 (f) (2) (A) after such second month and is (or would, but for the provisions of section 215 (f) (6), be) entitled to have his primary insurance amount recomputed under such section, or (iv) who dies after such second month and whose survivors are (or would, but for the provisions of section 215 (f) (6), be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A).’

“(c) Section 215 (c) of the such act is amended to read as follows:

“(c) (1) For the purposes of column II of the table appearing in subsection (a) of this section, an individual’s primary insur-

ance amount shall be computed as provided in, and subject to the limitations specified in, (A) this section as in effect prior to the enactment of the Social Security Amendments of 1958, and (B) the applicable provisions of the Social Security Amendments of 1954.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who—

"(A) became entitled to benefits under section 202 (a) or section 223 prior to the second month following the month in which the Social Security Amendments of 1958 were enacted, or

"(B) died prior to such second month and was not entitled to benefits under such section 202 (a) or such section 223."

"(d) Section 215 (d) of such act is amended to read as follows:

"(d) (1) For the purposes of column I of the table appearing in subsection (a) of this section an individual's primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of the Social Security Act Amendments of 1950 except that—

"(A) In the computation of such benefit, such individual's average monthly wage shall (in lieu of being determined under section 209 (f) of such title as in effect prior to the enactment of such amendments) be determined as provided in subsection (b) of this section (but without regard to paragraph (5) thereof), except that his starting date shall be December 31, 1936.

"(B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits.

"(C) The 1 percent addition provided for in section 209 (e) (2) of this act in effect prior to the enactment of the Social Security Act Amendments of 1950 shall be applicable only with respect to calendar years prior to 1951, except that any wages paid in any year prior to such year any part of which was included in a period of disability shall not be counted.

"(D) The provisions of subsection (e) shall be applicable to such computation.

"(2) Except as provided in paragraph (3) of this subsection, the provisions of this subsection shall be applicable only in the case of an individual—

"(A) with respect to whom at least one of the quarters elapsing prior to 1951 is a quarter of coverage, and

"(B) who meets the provisions of any of the clauses in subparagraph (B) of paragraph (5) of subsection (b) of this section.

"(3) The provisions of this subsection shall not apply in the case of an individual who attained age 22 after 1950 and with respect to whom not less than 6 of the quarters elapsing after 1950 are quarters of coverage."

"Certain wages and self-employment income not to be counted"

"(e) (1) Section 215 (e) (1) of such act is amended to read as follows:

"(1) In computing an individual's average monthly wage there shall not be counted the excess over \$3,600 in the case of any calendar year after 1950 and before 1955, the excess over \$4,200 in the case of any calendar year after 1954 and before 1959, and the excess over \$6,000 in the case of any calendar year after 1958, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);"

"(2) Section 215 (e) of such act is amended by striking out '(d) (4)' each place it appears and inserting in lieu thereof '(d)'."

"Recomputation of benefits"

"(f) Section 215 (f) (2) (B) of such act is amended to read as follows:

"(B) A recomputation pursuant to subparagraph (A) shall be made as provided in

subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4), as amended by section 101 (b) of the Social Security Amendments of 1958 were not applicable to the last previous computation of his primary insurance amount. If the provisions of such subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (other than the provisions of paragraphs 2 and 3 of such subsection) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable."

"Effective dates"

"(g) (1) The amendments made by subsections (a), (b), (c), and (d) shall be applicable, in the case of monthly benefits under title II of the Social Security Act, for months after the second month following the month in which this act is enacted, and in the case of the lump-sum death payments under such title, with respect to deaths occurring after such second month.

"(2) The amendments made by subsection (f) shall apply with respect to the wages and self-employment income of an individual who—

"(A) files an application for a recomputation under section 215 (f) (2) (A) of the Social Security Act as amended by this act, after the second month following the month in which this act is enacted and who is (or, but for the provision of section 215 (f) (6) of such act, would be) entitled to have his primary insurance amount recomputed under such section 215 (f) (2) (A) pursuant to such application; and recomputed benefit payable for any month prior to the third month following the month in which this act is enacted on the basis of such application shall be determined as though this act had not been enacted, or

"(B) dies after such second month and whose survivors are (or, but for the provision of section 215 (f) (6) of the Social Security Act, would be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such act.

"Definition of wages and self-employment income"

"Sec. 102. (a) (1) Paragraph (2) of section 209 (a) of the Social Security Act is amended to read as follows:

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,200 with respect to employment has been paid to an individual during any calendar year after 1954 and prior to 1959, is paid to such individual during such calendar year."

"(2) Section 209 (a) of such act is further amended by adding at the end thereof the following new paragraph:

"(3) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsection of this section) equal to \$6,000 with respect to employment has been paid to an individual during any calendar year after 1958, is paid to such individual during such calendar year;"

"(b) Paragraph (1) of section 211 (b) of the Social Security Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) \$3,600 minus (ii) the amount of wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954 and prior to 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(C) For any taxable year ending after 1958, (i) \$6,000, minus (ii) the amount of wages paid to such individual during the taxable year, or."

"Quarter and quarter of coverage"

"Sec. 103. Clauses (ii) and (iii) of section 213 (a) (2) (B) of the Social Security Act are amended to read as follows:

"(ii) if the wages paid to any individual in any calendar year equal \$3,600 in the case of a calendar year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954 and before 1959, or \$6,000 in the case of a calendar year after 1958, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954 and before 1959, or \$6,000 in the case of a taxable year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage."

"Minimum survivors or dependents benefit"

"Sec. 104. (a) Section 202 (m) of the Social Security Act is amended by striking out '\$30' wherever it occurs and inserting in lieu thereof '\$40'."

"(b) The amendment made by this section shall be applicable with respect to monthly benefits under section 202 of the Social Security Act for months after the second month following the month in which this act is enacted."

"Maximum benefits"

"Sec. 105. (a) Subsection (a) of section 203 (a) of the Social Security Act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is greater than the amount appearing in column V of the table in section 215 (a) (1) on the line on which appears, in column IV, such insured individual's primary insurance amount, such total of benefits shall, after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224, be reduced to such amount, except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224, shall not be reduced to less than the smaller of: (A) the sum of the maximum amounts of benefits payable on the basis of the wages and self-employment income of all such insured individuals, or (B) \$346.20. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, be proportionately decreased."

"(b) The amendment made by this section shall be applicable with respect to monthly benefits under section 202 of the Social Security Act for months after the second month following the month in which this act is enacted."

"Sec. 106. (a) Title II of the Social Security Act is amended by adding after section 225 the following new section:

"Hospitalization and surgical insurance"

"Eligibility for Insurance"

"Sec. 226. (a) (1) The cost of hospital or nursing home services furnished to any in-

dividual during any month for which he is entitled to monthly benefits under section 202 (whether or not such benefits are actually paid to him) or is deemed entitled to such benefits under the provisions of paragraph 2, or the cost of such services furnished to him during the month of his death where he ceases to be entitled by reason of his death, and the cost of surgical services which are not of an elective nature, shall, subject to the provisions of this section, be paid from the Federal Old-Age and Survivors Insurance Trust Fund to the hospital, physician, and nursing home which furnished him the services. Services to be paid for in accordance with the provisions of this section include only services provided in the United States.

"(2) For purposes of this section, (A) any individual who would upon filing application therefore, be entitled to monthly benefits for any month under section 202 shall, if he files application under this section within the time limits prescribed in section 202 (j) be deemed, for purposes of this section only, to be entitled to benefits for such month, (B) such individual shall, whether or not he files application under this section, be deemed to be entitled to benefits under section 202 for such month for purposes of determining whether the wife, husband, or child of such individual comes within the provisions of clause (A) hereof, and (C) any individual shall, for purposes of this section, be deemed entitled to benefits under section 202 if such individual could have been deemed under clauses (A) or (B) of this paragraph to have been so entitled had he not died during such month.

"(3) For purposes of paragraph (2), an individual's application under this section may, subject to regulations, be filed (whether such individual is legally competent or incompetent) by any relative or other person, including the hospital, physician, or nursing home furnishing him hospital, surgical, and nursing home services and, after such individual's death, his estate.

"(4) Payments may be made for hospital services furnished under this section to an individual during his first 60 days of hospitalization in a 12-month period that begins with the first day of the first month in which the individual received hospital services for which a payment is made under this section, and during his first 60 days of hospitalization in each succeeding 12-month period; and for nursing home services furnished under this section to an individual if the individual is transferred to the nursing home from the hospital, and if the services are for an illness or condition associated with that for which he received hospital services. *Provided*, That the number of days of nursing home services for which payments may be made shall, in any 12-month period as described above, not exceed 120 less the number of days of hospital services (in the same 12-month period) for which payments are made under this section.

"(5) The provisions of section 205 relating to the making and review of determinations shall be applicable to determinations as to whether the costs of hospital, nursing home, and surgical services furnished an individual may be paid for out of the Federal Old-Age and Survivors Insurance Trust Fund under this subsection, and the amount of such payment.

"Description of Hospital, Nursing Home, and Surgical Services

"(b) (1) For purposes of this section, the term "hospital services" means the following services, drugs, and appliances furnished by a hospital to any individual as a bed patient: bed and board and such nursing services, laboratory services, ambulance services, use of operating room, staff services, and other services, drugs, and appliances as are customarily furnished by such hospital to its

bed patients either through its own employees or through persons with whom it has made arrangements for such services, drugs, or appliances; the term "hospital services" includes such medical care as is generally furnished by hospitals as an essential part of hospital care for bed patients; such term shall include care in hospitals described in paragraph (1) of subsection (d); such term shall not include care in any tuberculosis or mental hospital.

"(2) The term "nursing home services" means skilled nursing care, related medical and personal services and accompanying bed and board furnished by a facility which is equipped to provide such services, and (A) which is operated in connection with a hospital, or (B) in which such skilled nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to practice medicine or surgery in the State.

"(3) The term "surgical services" means surgical procedures (other than elective surgery) provided in a hospital, or in case of an emergency or for minor surgery, provided in the outpatient department of a hospital or in a doctor's office. Surgical services may include oral surgery when provided in a hospital. The term "elective surgery" means surgery that is requested by the patient, but which in the opinion of cognizant medical authority is not medically required.

"Free Choice by Patient

"(c) (1) Any individual referred to in paragraphs (1) and (2) of subsection (a) may obtain the hospital or nursing home services for which payment to the hospital or nursing home is provided by this section from any hospital or nursing home which has entered into an agreement under this section, which admits such individual and to which such individual has been referred by a physician or (in the case of hospital or nursing home services furnished in conjunction with oral surgery) dentist licensed by the State in which such individual resides or the hospital or nursing home is located, upon a determination by the physician or dentist that hospitalization or nursing home care for such individual is medically necessary; except that such referral shall not be required in an emergency situation which makes such a requirement impractical.

"(2) Any individual referred to in paragraphs (1) and (2) of subsection (a) may, with respect to the surgical services for which payment is provided by this section, freely select the surgeon of his choice, provided that the surgeon is certified by the American Board of Surgery or is a member of the American College of Surgeons except that such certification shall not be required in cases of emergency where the life of the patient would be endangered by any delay, or in such other cases where such certification is not practicable, and except that, in the case of oral surgery, such individual may select a duly licensed dentist.

"(3) Regulations under this section shall provide for payments (in such amounts and upon such conditions as may be prescribed in such regulations) to (A) hospitals for hospital services rendered in emergency situations to individuals referred to in paragraphs (1) and (2) of subsection (a) by hospitals which have not entered into an agreement under this section, and (B) physicians for surgical services rendered by physicians not certified by the American Board of Surgery or not members of the American College of Surgery.

"Agreements With Hospitals, Nursing Homes, and Providers of Surgical Services

"(d) (1) Any institution (other than a tuberculosis or mental hospital) shall be eligible to enter into an agreement for payment from the Federal Old-Age and Survivors Insurance Trust Fund of the cost of hospital or nursing home services furnished

to individuals referred to in paragraphs (1) and (2) of subsection (a) if it is licensed as a hospital or nursing home pursuant to the law of the State in which it is located.

"(2) Each agreement with a hospital under this section shall cover all hospital services included under subsection (b) (which services shall be listed in the agreement), shall provide that such services shall be furnished in semiprivate accommodations if available unless other accommodations are required for medical reasons, or are occupied at the request of the patient, shall be made upon such other terms and conditions as are consistent with the efficient and economical administration of this section, and shall continue in force for such period and be terminable upon such notice as may be agreed upon.

"(3) An agreement with a hospital or nursing home under this section shall provide for payment, under the conditions and to the extent provided in this section, of the cost of hospital and nursing home services which are furnished individuals referred to in paragraphs (1) and (2) of subsection (a): *Provided*, That no such payment shall be made for services for which the hospital or nursing home has already been paid (excluding payments by such individuals for which reimbursement to them by the hospital has been assured); but no such agreement shall provide for payment with respect to hospital or nursing home services furnished to an individual unless the hospital or nursing home obtains written certification by the physician (if any) who referred him pursuant to subsection (c) that his hospitalization or care in the nursing home was medically necessary and, with respect to any period during which such services were furnished, written certification by such individual's attending physician during that period that such services were medically necessary. The amount of the payments under any such agreement shall be determined on the basis of the reasonable cost incurred by the hospital or nursing home for all bed patients, or, when use of such a basis is impractical for the hospital or nursing home or inequitable to the institution or the Federal Old-Age and Survivors Insurance Trust Fund, on a reasonably equivalent basis which takes account of pertinent factors with respect to services furnished to individuals referred to in paragraphs (1) and (2) of subsection (a). Any such agreement shall preclude the hospital or nursing home with which the agreement is made from requiring payments from individuals for services, payment of the cost of which is provided by this section, after it has been notified that the cost of such services is payable from the Federal Old-Age and Survivors Insurance Trust Fund, except that it may require payments from such individuals for the additional cost of accommodations occupied by them at their request which are more expensive than semiprivate accommodations.

"(4) Except as provided by regulation, no agreement may provide for payments (A) to any Federal hospital, or to any other hospital for hospital services which it is obligated by contract with the United States (other than an agreement under this section) to furnish at the expense of the United States, or (B) to any hospital for hospital services which it is required by law or obligated by contract with a State or subdivision thereof to furnish at public expense except where the eligibility of the individual for such services is determined by application of a means test.

"(5) No supervision or control over the details of administration or operation, or over the selection, tenure, or compensation of personnel, shall be exercised under the authority of this section over any hospital or nursing home which has entered into an agreement under this section.

"(6) Agreements under this subsection shall be made with the hospital or nursing home providing the services, but this paragraph shall not preclude representation of such institution by any individual, association, or organization authorized by the institution to act on its behalf.

"(7) The Secretary shall enter into agreements with qualified providers of surgical services as defined in paragraph (2) of subsection (c). Such agreements shall stipulate that the rates of payment agreed on shall constitute full payment for these services. Such agreements may be made with any qualified individual, or with any association or organization authorized by the surgeons, dentists, or physicians to act in their behalf.

"(8) Nothing in such agreements or in this act shall be construed to give the Secretary supervision or control over the practice of medicine or the manner in which medical services are provided.

"(9) Except to the extent the Secretary has made provision pursuant to subsection (h) for the making of payments to hospitals and nursing homes by a private nonprofit organization or for the making of payments to physicians, dentists, and surgeons by their designated representatives, he shall from time to time determine the amount to be paid to such provider of service under an agreement with respect to services furnished, and shall certify such amount to the Managing Trustee of the Federal Old-Age and Survivors Insurance Trust Fund, except that such amount shall, prior to certification, be reduced or increased, as the case may be, by any sum by which the Secretary finds that the amount paid to the provider of services for any prior period was greater or less than the amount which should have been paid to it for such period. The Managing Trustee prior to audit or settlement by the General Accounting Office, shall make payment from the Federal Old-Age and Survivors Insurance Trust Fund, at the time or times fixed by the Secretary, in accordance with such certification.

"Nondisclosure of Information

"(e) Information concerning an individual, obtained from him or from any physician, dentist, nurse, hospital, nursing home, or other person pursuant to or as a result of the administration of this section, shall be held confidential (except for statistical purposes) and shall not be disclosed or be open to public inspection in any manner revealing the identity of the individual or other person from whom the information was obtained or to whom the information pertains, except as may be necessary for the proper administration of this section. Any person who shall violate any provision of this subsection shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding 1 year, or both.

"Medical and Hospital Services Under Workmen's Compensation

"(f) The provisions of subsection (a) shall not be applicable to any services which an individual required by reason of any injury, disease, or disability on account of which such services are being received or the cost thereof paid for, or upon application thereof would be received or paid for, under a workmen's compensation law or plan of the United States or of any State, unless equitable reimbursement to the Federal Old-Age and Survivors Insurance Fund for the payments hereunder with respect to such services have been made or assured pursuant to agreements or working arrangements negotiated between the Secretary and the appropriate public agency. Notwithstanding the above sentence, if (1) the individual's entitlement to receive such services (or to have

the cost thereof paid for) under such a workmen's compensation law or plan is in doubt when such services are required, (2) the cost of such services is otherwise payable from the Federal Old-Age and Survivors Insurance Trust Fund pursuant to this section, and (3) the individual makes an appropriate application under such workmen's compensation law or plan and agrees, in the event that he is subsequently determined to be entitled to receive such services (or to have the cost thereof paid for) under such law, to reimburse the Federal Old-Age and Survivors Insurance Trust Fund in the amount of any loss it might suffer through its payment for such services, then the cost of such services may be paid from such Trust Fund in accordance with this section. In any case in which the cost of services is paid from the Federal Old-Age and Survivors Insurance Trust Fund pursuant to the immediately preceding sentence, or is paid from such Trust Fund with respect to any such injury, disease, or disability for which no reimbursement to such Trust Fund has been made or assured pursuant to the first sentence of this subsection, the United States shall, unless not permitted under the law of the applicable State (other than the District of Columbia) be subrogated to all rights of such individual, or of the provider of services to which payments under this section with respect to such services are made, to be paid or reimbursed pursuant to such workmen's compensation law or plan for such payments. All amounts recovered pursuant to this subsection shall be deposited in the Treasury of the United States to the credit of the Federal Old-Age and Survivors Insurance Trust Fund.

"Regulations and Functions of Advisory Council

"(g) All regulations specifically authorized by this section shall be prescribed by the Secretary. In administering this section, the Secretary shall consult with a National Advisory Health Council consisting of the Commissioner of Social Security, who shall serve as Chairman ex officio, and 8 members appointed by the Secretary. Four of the 8 appointed members shall be persons who are outstanding in fields pertaining to hospital and health activities, and the other 4 members shall be appointed to represent the consumers of hospital, nursing-home, and surgical services, and shall be persons familiar with the need for such services by eligible groups. Each appointed member shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and the terms of office of the members first taking office shall expire, as described by the Secretary at the time of appointment, 2 at the end of the first year, 2 at the end of the second year, 2 at the end of the third year, and 2 at the end of the fourth year after the date of appointment. An appointed member shall not be eligible to serve continuously for more than 2 terms but shall be eligible for reappointment if he has not served immediately preceding his reappointment. The Council is authorized to appoint such special advisory and technical committees as may be useful in carrying out its functions. Appointed Council members and members of advisory or technical committees, while serving on business of the Council, shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day, and shall also be entitled to receive an allowance for actual and necessary travel and subsistence expenses while so serving away from their places of residence. The Council shall meet as frequently as the Secretary deems necessary, but not less than once each year. Upon request by 3 or more members it shall be the duty of the Secretary to call a meeting of the Council.

"Utilization of Private Nonprofit Organizations

"(h) (1) The Secretary may utilize, to the extent provided herein, the services of private nonprofit organizations exempt from Federal income taxation under section 501 of the Internal Revenue Code which (A) represents qualified providers of hospital, nursing home, or surgical services, or (B) operate voluntary insurance plans under which agreements, similar to those provided for under subsection (d), are made with hospitals, nursing homes, and physicians for defraying the cost of services. Such organizations shall be utilized by the Secretary to the extent that he can make satisfactory agreements with them and to the extent he determines that such utilization will contribute to the effective and economical administration of this section. Such agreements shall not delegate (A) his functions relating to determinations as to whether the costs of hospital, nursing home, and surgical services furnished an individual may be paid for out of the Federal Old-Age and Survivors Insurance Trust Fund under this section and the amount of such payment, and (B) his functions relating to the making of regulations.

"(2) An agreement under paragraph (1) shall provide for payment from the Federal Old-Age and Survivors Insurance Trust Fund to the organization of the amounts paid out by such organization to hospitals, nursing homes, physicians, and dentists, under this section and of the cost of administration determined by the Secretary to be necessary and proper for carrying out such organization's functions under its agreement pursuant to this subsection. Such payments to any organization shall be made either in advance on the basis of estimates by the Secretary or as reimbursement, as may be agreed upon by the organization and the Secretary, and adjustments may be made in subsequent payments on account of overpayments or underpayments previously made to the organization under this subsection. Such payments shall be made by the Managing Trustee of the Trust Fund on certification by the Secretary and at such time or times as the Secretary may specify and shall be made prior to audit or settlement by the General Accounting Office.

"(3) An agreement under paragraph (1) with any organization may require any of its officers or employees certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from the Federal Old-Age and Survivors Insurance Trust Fund.

"Certifying and Disbursing Officers

"(i) (1) No individual designated by the Secretary pursuant to an agreement under this section, as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payments certified by him under this section.

"(2) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided in paragraph (1).

"Adjustments in Cash Benefits

"(j) For purposes of section 204, any payment under this section to any hospital, nursing home, physician, or dentist, with respect to hospital, nursing home, or surgical services furnished an individual shall be regarded as a payment to such individual."

"(b) The amendments made by subsection (a) shall be effective on the first day of the 12th calendar month after the month in which this act is enacted.

"(c) Notwithstanding the provisions of section 226 (a) (2) of the Social Security Act, as amended by this act, and subsection (b) of this section, applications filed under such section 226 which would otherwise be valid shall, subject to regulations of the Secretary, be considered valid even though filed more than 3 months prior to the effective date of this act, but not if filed prior to the first day of the fourth calendar month after the month in which this act is enacted.

"TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

"Tax on self-employment income

"SEC. 201. Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1958, and before January 1, 1961, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1960, and before January 1, 1965, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 7½ percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 8¼ percent of the amount of the self-employment income for such taxable year."

"Definition of self-employment income

"SEC. 202. (a) Subparagraph (B) of section 1402 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) for any taxable year ending after 1954 and before 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and"

"(b) Paragraph 1 of section 1402 (b) of the Internal Revenue Code of 1954 is further amended by adding at the end thereof the following new subparagraph:

"(C) for any taxable year ending after 1958, (i) \$6,000, minus (ii) the amount of wages paid to such individual during the taxable year; or"

"Tax on employees

"SEC. 203. Section 3101 of the Internal Revenue Code of 1954 is amended to read as follows:

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1959 and 1960, the rate shall be 3½ percent;

"(2) with respect to wages received during the calendar years 1961 to 1964, both inclusive, the rate shall be 4 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 4½ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 5 percent; and

"(5) with respect to wages received after December 31, 1974, the rate shall be 5½ percent."

"Tax on employers

"SEC. 204. Section 3111 of the Internal Revenue Code of 1954 is amended to read as follows:

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1959 and 1960, the rate shall be 3½ percent;

"(2) with respect to wages paid during the calendar years 1961 to 1964, both inclusive, the rate shall be 4 percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 4½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 5 percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 5½ percent."

"General provisions

"SEC. 205. (a) Section 3121 (a) of the Internal Revenue Code of 1954 (relating to the definition of wages) is amended by striking out '\$4,200' wherever it appears and inserting in lieu thereof '\$6,000.'

"(b) Section 3122 of such Code (relating to Federal service) is amended by striking out '\$4,200' wherever it occurs and inserting in lieu thereof '\$6,000.'

"(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1958."

"Refund

"SEC. 206. (a) Paragraph (1) of section 6413 (c) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) In general: If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed \$3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after 1954 and prior to the calendar year 1959, the wages received by him during such year exceed \$4,200, or (B) the wages received by him during any calendar year after 1958 exceed \$6,000, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first \$6,000 of such wages received in such calendar year after 1958."

"(b) Subparagraph (A) of section 6413 (c) (2) of such code is amended to read as follows:

"(A) Federal employees: In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head, of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for

purposes of this subsection, be deemed a separate employer, and the term "wages" include for purposes of this subsection the amount, not to exceed \$3,600 for the calendar year 1951, 1952, 1953, or 1954, \$4,200 for the calendar year 1955, 1956, 1957, or 1958, or \$6,000 for any calendar year after 1958, determined by each such head or agent as constituting wages paid to an employee."

"TITLE II

"Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance

"SEC. 301. Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out '1956' and inserting in lieu thereof '1958.'

"TITLE IV—PUBLIC ASSISTANCE AMENDMENTS

"SEC. 401. Section 3 of the Social Security Act (relating to payments to the States for purposes of old-age assistance) is amended by adding at the end thereof the following new subsection:

"(c) (1) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance and which is qualified under this subsection, for each quarter, beginning with the quarter commencing October 1, 1958, in the case of any State, an amount (in addition to the amount paid to such State under the provisions of subsection (a)) which shall be used exclusively for old-age assistance and which shall be equal to 25 percent of the total amounts which would (except for the provisions of this subsection) be expended during such quarter as old-age assistance in the form of money payments under the State plan.

"(2) A State shall be qualified to receive the amount provided by paragraph (1) with respect to any quarter, beginning with the quarter commencing October 1, 1958—

"(A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the two quarters immediately preceding the quarter commencing October 1, 1958; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1958, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the two quarters immediately preceding the quarter commencing October 1, 1958.

"(3) Such amounts shall be computed and paid in the manner provided by subsection (b) for the computing and paying of amounts provided for in subsection (a)."

"SEC. 402. Section 403 of the Social Security Act (relating to payments to the States for purposes of aid to dependent children) is amended by adding at the end thereof the following new subsection:

"(c) (1) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children and which is qualified under this subsection, for each quarter, beginning with the quarter commencing October 1, 1958, in the case of any State, an amount (in addition to the amount paid to such State under the provisions of subsection (a)) which shall be used exclusively for aid to dependent children and

which shall be equal to 25 percent of the total amounts which would (except for the provisions of this subsection) be expended during such quarter as aid to dependent children in the form of money payments under the State plan.

"(2) A State shall be qualified to receive the amount provided by paragraph (1) with respect to any quarter, beginning with the quarter commencing October 1, 1958—

"(A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the two quarters immediately preceding the quarter commencing October 1, 1958; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1958, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the 2 quarters immediately preceding the quarter commencing October 1, 1958.

"(3) Such amounts shall be computed and paid in the manner provided by subsection (b) for the computing and paying of amounts provided for in subsection (a)."

"SEC. 403. Section 1003 of the Social Security Act (relating to payments to the States for purposes of aid to the blind) is amended by adding at the end thereof the following new subsection:

"(c) (1) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind and which is qualified under this subsection, for each quarter, beginning with the quarter commencing October 1, 1958, in the case of any State, an amount (in addition to the amount paid to such State under the provisions of subsection (a)) which shall be used exclusively for aid to the blind and which shall be equal to 25 percent of the total amounts which would (except for the provisions of this subsection) be expended during such quarter as aid to the blind in the form of money payments under the State plan.

"(2) A State shall be qualified to receive the amount provided by paragraph (1) with respect to any quarter, beginning with the quarter commencing October 1, 1958—

"(A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the 2 quarters immediately preceding the quarter commencing October 1, 1958; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1958, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the 2 quarters immediately preceding the quarter commencing October 1, 1958.

"(3) Such amounts shall be computed and paid in the manner provided by subsection (b) for the computing and paying of amounts provided for in subsection (a)."

"SEC. 404. Section 1403 of the Social Security Act (relating to payments to the States

for purposes of aid to the permanently and totally disabled) is amended by adding at the end thereof the following new subsection:

"(c) (1) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled and which is qualified under this subsection, for each quarter, beginning with the quarter commencing October 1, 1958, in the case of any State, an amount (in addition to the amount paid to such State under the provisions of subsection (a)) which shall be used exclusively for aid to the permanently and totally disabled and which shall be equal to 25 percent of the total payments which would (except for the provisions of this subsection) be expended during such quarter as aid to the permanently and totally disabled in the form of money payments under the State plan.

"(2) A State shall be qualified to receive the amount provided by paragraph (1) with respect to any quarter, beginning with the quarter commencing October 1, 1958—

"(A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the two quarters immediately preceding the quarter commencing October 1, 1958; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1958, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the two quarters immediately preceding the quarter commencing October 1, 1958.

"(3) Such amounts shall be computed and paid in the manner provided by subsection (b) for the computing and paying of amounts provided for in subsection (a)."

Mr. MORSE. Mr. President, I am one in whose breast hope springs eternal. I refuse to stop hoping that Congress, representing the American people, will recognize that one of its great moral responsibilities is to see to it that before it adjourns, justice is done to the elderly people of this country.

I hold to the view that the pending bill needs to be greatly expanded. Therefore, I offer as a substitute the so-called Morse Omnibus Social Security Bill, which has been pending before the Committee on Finance for some time. It includes not only improvements in provisions in the social security system as it now exists, but it also includes a health insurance program.

I wish briefly to discuss the provisions of my bill, which I offer in the form of an amendment, in substitution for the pending bill.

Mr. President, the bizarre economic situation we are in today—a record high in the cost of living coupled with unemployment and distress throughout the country—points up the fact that no change has been made in the amount of social security benefits since 1954.

It is obvious that older Americans, largely people living on fixed incomes, have steadily been victimized by the

sharp rise in prices in these 4 years, which now stand at an all-time high.

It has become axiomatic that a growing American economy over the decades will be accomplished by a slowly rising price level. If that is to be an inevitable accompaniment of full employment—and right now we are seeing that it is even accompanying unemployment—society cannot permit those retired from the labor force to pay the price in reduced living standards they are now paying.

This group is the first to be victimized by our present economic condition. Higher costs of food and other necessities have shrunk their benefit dollars, and as employment opportunities decline, their possibilities of supplementing their meager incomes decreases with every passing day.

Inasmuch as the older worker is often the first to be laid off, many men and women have recently found it necessary to apply for their benefits. Almost half a million more people are relying on their social security benefits as a primary source of income than were doing so 6 months ago.

I am also concerned with the fact that our social security system ignores what has often been called the greatest single unmet need of the aged—medical care. Yesterday the Senator from Minnesota [Mr. HUMPHREY] made a brilliant speech on the floor of the Senate regarding the need for a hospital-care program. He restricted his remarks to his proposed amendment having to do with hospitalization benefits for the aged. My substitute amendment goes further. Based upon the principle of health insurance, it provides not only hospitalization, but also surgical care. It transgresses not one iota on the private practice of medicine. I am aware of the fact, of course, that the medical profession is opposed to my type of amendment, because doctors fear it might lead—it might lead—to socialized medicine.

However, I do not propose to fail to carry out my obligation to the aged of trying to have enacted some legislation which will remove from them the constant lurking fear that they may be confronted with lingering disease without the wherewithal with which to alleviate their suffering to the maximum extent that medical science is able to alleviate it.

Our Government must have a social conscience. I believe we can protect the doctors in their very important and justifiable right to the private practice of medicine. At the same time the Government must carry out its obligations which go along with a governmental social conscience. Therefore, I shall not be deterred by the medical profession from continuing my fight in the Senate for a health insurance program for the people of this country, because I believe the people are entitled to it. It is a test of whether we are going to take advantage of the modern advances of science, particularly medical science, and see to it that all our people will be assured of an opportunity to benefit from those advances.

While the cost-of-living index has gone up generally by 20 percent in the last 10 years, the cost of medical care has gone up by about 40 percent and hospital costs are up 75 percent.

Oh, Mr. President, I know that we took a licking this morning on a proposal for a 10 percent increase in retirement benefits. The Yarborough amendment was defeated. Therefore, it can be said—in fact, it has been said—"You do not have a ghost of a chance. The Yarborough amendment was defeated."

The question presents itself: If some of us believe a piece of proposed legislation pending before the Senate is not adequate, and we are satisfied that we do not have the votes to get more adequate legislation, should we let the record close without a statement about a proposal by us that would provide adequate legislation?

It has been my position time and time again that I have the duty, in representing the people of my State, to fight to the very last for what I think is appropriate legislation that ought to be passed. Failing in that, I should support the best legislation that can be obtained. But in all cases, I should make clear what I believe the desirable legislation would be.

As I have said, the history of the Senate shows that it is that type of position, taken in the Senate, which paves the way in future years for success.

It is the record made by those few men who have been defeated time and time again on the floor of the Senate on worthwhile social improvement legislation which helps followers years later, as they come to occupy the places in the Senate, to finally succeed. There are a great many pieces of such legislation now on the books which first went down to defeat session after session before being adopted.

After all, fighting for this type of legislation is a part of the political education process. In America, we all know, there is at least a 2- to 10-year lag between the introduction and passage of worthy social legislation. We introduce measures one year and fight for them the next year and the next year and the next year; then finally our number increases, and a minority eventually turns into a majority.

I am perfectly aware of that fact this afternoon. I suppose I should apologize to my colleagues for taking the time to argue in behalf of a proposal we all know is doing down to certain defeat. However, I do not utter such apology, because my responsibility in the Senate is far beyond my personal relationship to my colleagues in the Senate. My responsibility in the Senate is to carry out what I consider to be my obligations to the people of my State and of my Nation. I am sure that all my colleagues would like to go home almost immediately, or at least some of them would. However, even though they may disagree with my position on this subject, I am sure they, at least respect my right to carry out what I consider to be my duty with regard to the proposal.

My substitute will increase social security benefits by 25 percent across the board. It will raise by that percentage

the benefits now received by retired persons, survivors, and those receiving disability insurance payments.

It will raise future benefits by that percentage.

The bill raises the minimum monthly benefit from \$30 to \$40.

It increases today's maximum retirement or disability benefit from \$108.50 to \$135.70 and makes possible an eventual maximum payment of \$173.20.

It will also institute new minimums and maximums on benefits paid to a family, so the lowest will be \$60 instead of \$50, and the highest \$323.80 instead of \$200. In the future, the maximum family benefit can be as high as \$346.20, the traditional figure of twice the highest individual benefit.

During my campaign 2 years ago, I promised the people of Oregon that I would do something about the situation in which so many of our older people find themselves. Last year, I met these promises by sponsoring or cosponsoring bills dropping the age requirement for disability and reducing the eligibility age for women to 60 with full benefits.

In that campaign, I also supported the position of Adlai Stevenson that it should be our objective to raise the family income of the aged from about 55 percent of the national average for all families to about 75 percent. At that time, this would have required an increase of \$800 a family a year—that is, from \$2,300 to \$3,100 a year. This is only a minimum program for the aged. My proposal would be one important step toward that goal.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. PROXMIRE. First I congratulate the Senator from Oregon on his proposal. I think it is excellent. It is urgently needed. I am delighted that he is proposing, as I understand, to increase benefits to the 25-percent figure.

Mr. MORSE. That is correct.

Mr. PROXMIRE. The country should notice that this proposal is being made. I think, as I am certain the Senator from Oregon thinks, that the increase should be more than 25 percent. I believe more than 25 percent can be justified, and the old people would not live in anything like luxury if the increase were 25 percent. I point out some statistics to support my contention.

The average old couple receiving social-security benefits today receives income of \$108 a month. According to figures released on July 13 by the Department of Health, Education, and Welfare, for single retired workers the amount received today is \$60 a month, or less than \$15 a week. An aged widow receives \$51 a month on which to live, or approximately \$12.25 a week. A young widow having two children receives \$145 a month.

Mr. President, just think how totally inadequate the social-security payments today are. The cost of living for a couple in Milwaukee, Wis., is \$186 a month for the bare necessities of life. That is a reasonably fair minimum income. This means that a couple receiv-

ing the average old age insurance checks would be \$76 short in Milwaukee.

The source of my information is a reliable economic almanac which has been adjusted for the cost-of-living increases.

I should like to make one other suggestion in connection with the fine speech being made by the Senator from Oregon. I think many persons have the idea that a social-security check is a little additional money, but the OASI benefits are less than \$75 a year in additional income. That fact was brought out by the Senator from Texas this morning. I think the figure ought to be repeated—\$75 a year. It adds up to \$5 a month, or \$1.25 a week to supplement the social-security check.

One in every four single retired workers receives about the same amount; 1 in every 3 aged widows. Half the retired couples had assured incomes of less than \$15 a month with which to supplement their social-security payments.

I have received many letters on this issue, and I have read every one of them. I have read them carefully. I have been deeply moved by those letters. They are from persons who are not asking for any kind of handout. They are too proud. They would not think of asking for a handout. What they are asking is that the insurance system to which they contributed at a time when the value of the dollar was much higher be adjusted, so that they can receive the kind of income which they earned when they paid into the fund.

I think this is the least we can do. It is the kind of thing which the Senator from Oregon is asking the Senate to do in the excellent speech he is making and in the thoroughly responsible proposal he is making.

Is it the understanding of the Senator that his proposal is actuarially sound?

Mr. MORSE. Yes; I shall discuss that feature at some length before I finish. My proposal which has been developed on the basis of actuarially sound principles.

Mr. PROXMIRE. Has the actuarial soundness of the proposal been verified?

Mr. MORSE. I shall offer my authorities.

Mr. PROXMIRE. When the Senator from Oregon reaches that point, I shall discuss the matter a little further.

Mr. MORSE. The need for a substantial increase in benefits can hardly be questioned by anyone who has talked to persons now trying to exist on fixed annuities, and certainly not by anyone who reads the mail coming into congressional offices, as has just been referred to by the Senator from Wisconsin [Mr. PROXMIRE]. This was brought out vividly by a recent statistical survey in the Christian Science Monitor. This newspaper reported on a survey made for urban renewal purposes in a district in downtown Portland in my own State.

The need for a substantial increase in benefits can hardly be questioned by anyone who has talked to people now trying to exist on fixed annuities, and certainly not by anyone who reads the mail coming into congressional offices. This was brought out vividly by a recent statisti-

cal survey in the Christian Science Monitor. It reported on a survey made for urban renewal purposes in a district in downtown Portland in my own State.

It showed that a great number of persons in that district were 60 years of age or older and lived in small residential hotels, tumbledown apartments, and converted dwellings.

These elderly persons were subsisting on social security or State welfare allotments which have changed little, if at all, in recent years of climbing prices. After payment of rent, it was not at all uncommon for these people on social security to be required to budget their food, transportation, entertainment, clothing, and incidentals—all taken together—at about \$1 a day.

Such a budget obviously permits only a bare existence. The simplest fare—a quart of milk at 23 cents, a pound loaf of bread at 23 cents, and a can of soup at 15 cents—takes a major share of the day's dollar.

Malcolm Bauer, who wrote the story in the Monitor, commented:

Anyone who entertains the delusion that the march of inflation has not yet brought real personal hardship to many persons should examine the results of this survey. * * * One does not often have opportunity for an intimate view of the financial problems of his neighbor, such as that afforded by the Portland urban-renewal survey. * * * The picture of the devastating effect of postwar inflation on the fortunes of the fixed-income oldsters, many of whom had reason to hope for real security in social-security benefits, is a stark one.

Our challenge is to distribute abundance rather than to share scarcity. We must find better ways to divide our output of material goods equitably among ourselves. The trend over the decades has been not only toward higher real incomes, but also toward a broader distribution of goods.

However, at present our older people are not getting their fair share of this tremendous output which the Nation is capable of producing. That is because they leave the labor force, thereby getting off the escalator, so to speak, in terms of income, while the price escalator continues to go up.

That is where the obligation of government comes in. Retired citizens have earned a larger share of the Nation's goods because they played such a vital part in the creation of this great productive capacity. We must see to it that they get it and are not bypassed simply because they have reached retirement age.

One economist has pointed out that a chart showing the distribution of incomes in America looked like a pyramid a few decades ago, with a small number of persons at the top receiving large incomes and a very large number at the low-income base. Today, in contrast, this same chart looks like a barrel, with a great bulge in the middle, where the middle-income people are found, and smaller numbers of people proportionately at the high and low ends of the income scale.

Our older citizens, as a group, are the ones who are scraping the bottom of this economic barrel. As legislators, we have

a special obligation to make certain, through our social-security system, that older people are given the chance to live out their lives in dignity and are not the forgotten men and women of our times.

My substitute not only increases benefits for everyone by 25 percent, but it also takes account of the fact that the heavy costs of an illness may destroy the best-laid plans for a comfortable retirement. Under its provisions, the social-security system will pay the costs of care in qualified hospitals and nursing homes in a manner similar to the Blue Cross plans. Surgical care would also be provided and, in all instances, there would be free choice of doctors and patients.

These health benefits would be available to all persons eligible for social-security benefits. Thus, the man who has continued to work beyond age 65, and has not applied for benefits, would be eligible if illness struck. Each person would be insured against the cost of hospital and surgical care, including a semiprivate room and all hospital services, medical care, drugs, and appliances which the hospital customarily furnishes its bed patients. The substitute provides for 60 days of hospital care but, if nursing home care is also indicated, it provides an additional 60 days, or up to 120 days of combined care.

This section of my substitute is identical to the health insurance provisions of H. R. 9467, introduced in the House of Representatives by Congressman AIME FORAND, of Rhode Island.

I express my personal thanks and appreciation to Representative FORAND for his leadership in this matter. I am happy to acknowledge that I have simply followed his lead by incorporating into my substitute the health-insurance program he had first introduced in H. R. 9467. I hope that by so doing, I can reinforce the chances that a health insurance program will soon be adopted. Of course, both our measures are not modifications of the health-insurance programs long championed by the great Senator from Montana [Mr. MURRAY].

This new program has been attacked on the ground that it will socialize medical care for our older people and discourage thrift and initiative. But the same charges were made back in 1935 when our social-security system was established. One commentator, at that time, called it a plan which would "kill the goose that lays the golden eggs." From other quarters came dire predictions that it would discourage thrift and initiative and regiment our society. The individual social security numbers were described as "dog tags."

Today we know that none of these predictions have come true. The effectiveness of this method of social insurance in a country such as ours has been so clearly demonstrated that even the Republican National Committee has claimed that social security was really their idea. For social security has become so much a part of our way of life that the only points of difference today are as to how realistic benefits should be and how much real protection should be afforded.

I subscribe to the philosophy expressed by Justice Cardozo in the Supreme Court case upholding the constitutionality of the Social Security Act, which states:

Nor is the concept of the general welfare static. Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation. What is critical or urgent changes with the times.

The facts of our time are the urgent advocates of this new program. More than half of the clinical part of medicine is now concerned with the health problems of older persons. A recent nationwide survey of families and individuals, as conducted by the Health Information Foundation, showed that people 65 years of age and over experience medical costs 57 percent greater than those for the general population, and that although this age group constitutes only 9 percent of the population, it experiences 13 percent of all medical costs.

The same study showed that the total annual cost for all private personal health services is \$65 a person, but that for those 65 years of age and over it is \$102 a person.

How do the 14 million people in this country who are past 65 years of age meet this cost of medical service? We know that a single illness can wipe out a lifetime's savings, or can place a severe and unpredictable strain upon the sons and daughters of our older people, at a time when their children's own family responsibilities are heaviest. As a result, part of these older people receive public or charitable care. But most of them must meet medical expenses out of a small fixed income.

Only one-third—and I stress this point because it is why I included a health-insurance provision in the bill—only one-third of these 14 million people over 65 are covered by any kind of health insurance. Group health coverage tends to cease when employment is terminated by retirement.

And since the number of days of hospital care per person age 65 and over is almost double that for younger adults, Blue Cross plans vary in the extent to which they attempt to confine these added costs to groups containing a high proportion of older persons, or to pass along these costs to the entire membership of the plans.

According to a survey of Blue Cross provisions for persons 65 and over, 56 plans increased premium charges for the same benefits when a member reached 65, in amounts varying from less than \$3 to more than \$15 for a family. Twenty-three plans reduced benefits below those available to group members, when the member reached age 65.

Thus, the trend in private-insurance coverage is to increase costs or reduce services at the very time when purchasing power has sharply declined, but when the need for medical care has increased.

Dr. Wilma Donohue, of the Division of Gerontology, of the Institute for Human Adjustment, of the University of Michigan, says that many old people simply ignore or neglect chronic illness—thus increasing eventual costs—while others obtain medical care by

sacrificing other essentials of healthful living. She believes that the mounting number of admissions of older patients to mental hospitals is one evidence of the effects of worry and lack of preventive and restorative medical care of this group.

Many of our older people are beset by fears of becoming ill and not being able to pay for medical care. Under my proposal, the American people would be buying health insurance when they could pay for it—during their working lives, and its protection would be effective at retirement age, when they need it most.

The essence of the method of social insurance has been to provide against the expensive and predictable risks which threaten the self-sufficiency and independence of the individual. Sickness is certainly such a risk. Indeed, in most European countries, health insurance has been the cornerstone of the social-insurance plan.

Today, all the major industrial countries in Europe have long-established national programs to provide health care for their working population, as well as for retirees. This is also increasingly true of our Latin American neighbors. The German plan, which was the model around which other early plans were built, was established as long ago as 1883. Austria followed in 1888, and Hungary in 1891. The growing knowledge that the health of the individual was important to the nation led to early action by other European countries. Luxembourg established its compulsory insurance plan in 1901; Norway, in 1909; Great Britain and Russia, in 1911; Rumania, in 1912; and the Netherlands, in 1913. Compulsory health-insurance plans were established in Bulgaria in 1918; in Portugal, in 1919; and in Greece, in 1922. The comprehensive French insurance law of 1928 became operative in 1930. In 1943, Italy passed a law providing for the fusion of existing mutual funds for workers in industry and commerce in order to bring about a national system. One of the questions which invariably is asked by Europeans who visit this country is, "How can you say you have social security, when you do not have health insurance?"

The proposal I am sponsoring is certainly a very conservative approach, as compared to these foreign systems; but it is a step in the right direction.

In the first place, the health insurance provided by my bill is limited to persons who receive retirement benefits and their dependents, the totally disabled who are 50 years of age or over, and the widows and children of insured workers who have died—a relatively small segment of our total population. Currently, around 12½ million people would be eligible.

In the second place, the proposal provides only for hospital, surgical, and nursing-home care, following the pattern developed by many of our voluntary prepayment plans. The bill specifically states that the Secretary of Health, Education, and Welfare shall have no supervision or control over, first, the practice

of medicine or the manner in which services are provided; second, the details of the administration or operation of hospitals or nursing homes; and, third, the selection, tenure, or compensation of hospital or nursing home personnel.

One of the results of this proposed legislation would be its salutary effect on the Nation's medical facilities whose financial burdens are due in part to expenses they must bear in providing free care for indigent patients. By providing reasonable reimbursement for some of these services, we shall not only be providing better care for our older citizens, but we shall also be improving the financial position of our hospitals and nursing homes, so that they can furnish better care for all of us.

This proposal also will extend the dropout provision, so that a worker, in computing his average monthly wage for benefit purposes, can skip not only his 5 years of lowest earnings or no earnings, as under existing law, but also an additional year for each 7 years of coverage he has under the system. This will be an advantage to all workers who have made substantial contributions to the social-security system, and will be especially helpful to workers nearing retirement who wish to take full advantage of the new \$6,000 earnings base.

I want to call attention to a new provision in Senate bill 3508—a provision which I hope will be the start of a real attempt to simplify the Social Security Act. All the benefit computation formulas were consolidated in one table, so that beneficiary, by applying his average monthly wage or previous benefit amount figure, can determine exactly what his new benefit amount and new maximum family benefit will be.

Mr. President, I wish to say that I am very pleased and very proud of the fact that the Kerr bill, which now is before the Senate, contains this new benefits table. I say with some personal satisfaction that that form or table was developed by the Social Security Administration, upon my request, when I was working on my omnibus bill. In connection with this matter, I had the assistance of the Library of Congress and, through the Library of Congress, the Social Security Administration developed the table I am now describing, which first appeared in my bill when it was introduced in the Senate last March.

Compare this provision with that which exists in present law, whereby it is impossible for the average person—or, for that matter, the average lawyer—to ascertain with any facility what he is entitled to under the act. I hope similar simplifications will be effectuated throughout the act, so that this law, which affects 100 million Americans, will be understandable to all the people, and not to only a select few employees of the Bureau of Old Age and Survivors Insurance.

This table now appears in House bill 13549, although the increase in that bill is only 7 percent, whereas the increase in the table in my bill is 25 percent. The table is contained, as I have already

stated, in House bill 13549 as reported to us by our Finance Committee.

Now we come to the matter of financing these benefits. In order to finance these benefits in the social security system, my bill would increase the tax rate for both the employer and employee by 1.25 percent of payroll, and would increase the earnings ceiling, for contribution and benefit purposes, from \$4,200 to \$6,000 a year. The latter change will reflect the steady increase in the earnings level that has occurred in the last few years. It is estimated that this year, 60 percent of those regularly employed will earn more than the present ceiling of \$4,200. Under my proposed ceiling of \$6,000 a year, only 1 person in 4, or 25 percent, will have earnings above those covered by social security.

The increase in the social-security tax will pay for the improvements in the system that are provided by the bill. I strongly favor the insurance principle which underlies social security, and I believe this principle should be preserved.

It assures every covered person an equity in his retirement plan. I do not think social security should become a Government dole. The Federal Government should be the trustee of the money, and should adjust upward the benefits, and also the levies to pay for them, as the level of the economy requires.

But I agree with the Senator from Louisiana [Mr. Long] that we should not accumulate in this fund billions and billions of dollars to be used 40, 60, 80, or 100 years from now, while the old people of our generation continue to live in the misery in which they are now living. I think we should take advantage of the kind of actuarial program which my substitute provides; and I believe we should see to it that these old people receive reasonable benefits now. We can increase current taxes to pay for future benefits.

Therefore, I am not very much moved by the argument that proposals such as the one I am offering will cost too much and will impose an additional burden on the employers and the workers, because I think the security and health benefits, economic benefits, and psychological benefits which will flow from a bill such as mine are worth the price we shall have to pay for them. Furthermore, I believe such a measure will set a great example, around the world, of the advantages which a free-enterprise system such as ours, with a social conscience, offers, over the conditions existing under the totalitarian system of the slave states of Communist Russia.

Social security under my plan would remain an insurance program for which employer and employee pay the premiums, so to speak. I hope the day will come when every American who works for a living will be able to make this sound, business-like investment for his own retirement.

Finally, I have also sought my measure to increase public assistance by 25 percent; and it is the kind of public assistance provisions in my bill for which the Senator from Louisiana [Mr. Long]

has been such an ardent advocate in the Senate.

I appreciate that it is a difficult task to draft legislation that will assure that an increase in the Federal contribution to the States for public assistance will be passed on to those for whom it is intended.

In order to avoid—I hope—the possibility that the States will simply reduce their own contribution to public assistance, I have said in this bill that whatever the combined Federal-State expenditure is in a State, the Federal Government will match it with an additional 25 percent.

This does not affect the present formula at all. Under present law the Federal Government contributes \$24 of the first \$30 and \$15 of the next \$30 of the State's minimum public-assistance payment. That formula would remain untouched by my proposal.

But after contributing \$39 to the \$60 minimum, my amendment would add 25 percent of that \$60, or \$15 more as a Federal bonus. If the State's minimum is \$100, the Federal bonus would be \$25, again in addition to the \$39 it contributed under the basic formula.

Thus, no State action is needed to obtain the 25 percent increase.

In order to discourage the States from decreasing their own contribution, I have provided that a State will receive no bonus at all if its own average monthly payment drops from the previous year.

There is no certainty that my proposal will work out as I intend that it should.

The junior Senator from Louisiana [Mr. Long] has labored valiantly to perfect language to assure that recipients will benefit from an increase in Federal contributions to public assistance, and not just State treasuries. I understand that he has not been satisfied that any of the proposals which have been offered are certain to accomplish this.

I realize that this proposal does not give the most to those receiving the least. It would revise benefits proportionately, instead of trying to equalize them. The equalization principle is found in the basic formula, and I think an across-the-board percentage increase for all States would be salutary simply in itself, and also in encouraging the States to improve and raise their own contributions.

It is quite possible that the State agencies which administer public assistance will have some criticism of this proposal. I invite them to come forward with it. I hope hearings can be held by appropriate committees on both sides of the Capitol on this matter.

If my proposal is not adopted this afternoon—and there is every indication it will not be—I hope that by this speech I may succeed in laying a foundation of interest on the part of the Senate committee, so that next year we can have hearings on such a bill.

Under this section, the Federal bonus of 25 percent of the combined Federal-State effort would apply to all public-assistance programs to which the Federal Government now contributes, in-

cluding aid to the blind and aid to dependent children.

Of course, this money would come out of general appropriations, since it is not a part of the old-age and survivors insurance system.

I believe we must make these changes in our social-security plan in order to keep it up to date and to keep it responsive to the ideals of our country. The goal for such a program has been well stated by one of its founders, the great Edwin E. Witte. Professor Witte was a former professor of mine in graduate study at the University of Wisconsin. He is a man on whom I have heavily leaned for parts of the material I have used in the presentation this afternoon. I think it will be agreed by the Senator from Illinois [Mr. Douglas] that Prof. Edwin Witte, of the University of Wisconsin, is recognized as one of the outstanding living authorities on social security. Therefore, I am very proud to quote from this old professor of mine, from the University of Wisconsin, these words:

Those who believe in social insurance, as I do, see in it a bulwark for a free economy and a democratic government. They regard the increasing attention given social security the world over as a necessary, perhaps an inevitable, consequence of an aging population, of industrialization and urbanization, of technological progress and the advance of science and medicine, of rising standards of living and a growing concern for the unfortunate and underprivileged. To them, social security means not a featherbed provided at public expense, but a net to catch those who fall, or rather a floor which will assure all Americans in all contingencies of life a minimum income sufficient for an existence in accordance with prevailing concepts of decency. Anything above such a minimum, the citizens must still provide for themselves.

I have presented the main features of my bill this afternoon in order to make a record, always, as I said at the beginning, in the hope and expectation that the time will come when the Senate and the Congress of the United States will adopt it.

Now, in my closing remarks, I should like to have the attention of the Senator from Oklahoma [Mr. KERR]. Although I am presenting my amendment as a complete substitute for the bill on which he, as chairman of the subcommittee, has worked so hard and made such a great record, I want him to know that in presenting it I show no lack of appreciation for his work as chairman of the subcommittee. The Senator from Oklahoma, against terrific odds—and I know what some of those odds have been—has piloted through his committee the bill now pending on the floor of the Senate. I shall vote for the bill.

I think the Senator from Oklahoma, and his remarks on the floor indicated it clearly, would be the first to say he would like a better bill and wish we could be in a position to have better legislation enacted. It is not my intention to commit the Senator from Oklahoma in the future with regard to a single line of my bill; but I want him to know that in presenting my bill as an amendment this afternoon, I make no reflection on his

leadership on social security legislation in this session of Congress.

I say to the elderly people of America, if we did not have in this body a man with the social conscience of the Senator from Oklahoma, they would not be getting the bill which is going to pass the Senate this afternoon. After all, it is one thing for the senior Senator from Oregon to stand up on the floor of the Senate and fight for the ideal bill; and I am going to continue to fight for the ideal in the hope we can get some of the fruits of that ideal into a piece of legislation before the Senate. It is quite a different thing for a chairman of a committee who has to consider, throughout committee hearings, diverse points of view, and who has to iron out in committee, on the anvil of conscionable compromise, the best bill he can get.

So when I offer my bill as an amendment, I want the Senator from Oklahoma to know I am offering an ideal. I hope it can be adopted, but I am fully appreciative of the fact that his not bringing my bill out of committee in no way subjects him to any deserved criticism; but, to the contrary, he is deserving of high praise for the great leadership he has given us on this bill.

I want him to know I am going to be at his committee doorstep come next January, pressing him again for further consideration of those parts of my bill which have not found their way into the bill now before the Senate.

Mr. President, there are other Senators who are supporting my bill in the form of an amendment, and who think at least we ought to go through to a voice vote. I want to say to the Senator from Oklahoma, in their behalf and mine, I am going to let it go through to a voice vote; but I think he should know that come next January we will be back trying to get some hearings on the bill, and next time we are going to do our best to take the bill through to a yea and nay vote.

Mr. President, I offer the amendment.

Mr. KERR. Mr. President, I am very appreciative of the kind remarks of the distinguished Senator from Oregon. I acknowledge the brilliant and able sponsorship the Senator has always given to progressive legislation in many fields of great interest and merit to our people, and certainly in the field of social legislation, social security, and assistance.

It is with great regret that I have not been able to help bring to the Senate proposed legislation which would be more far-reaching and of greater benefit than that which is contained in the bill before the Senate.

As the Senator from Oregon indicated, my action has been in accordance with the judgment I had that the provisions in the bill have seemed to be the best we could hope to have a chance of securing the adoption and acceptance of.

Naturally, under those circumstances, I could not favor the substitution of the bill proposed by the Senator from Oregon as an amendment to the bill before us, but I certainly understand the great desire the Senator has expressed, mani-

fested, and made a living thing for better and more progressive legislation.

Mr. PROXMIRE. Mr. President, I wonder if the senior Senator from Oregon will permit me to ask 1 or 2 questions on the actuarial aspects of his proposal.

It is my understanding that the social-security segment of the amendment proposed by the Senator from Oregon, as distinct from the public assistance aspects, the proposal is self-financing.

Mr. MORSE. It would simply raise rates enough to make it self-financing.

Mr. PROXMIRE. The rates would be raised how much, roughly?

Mr. MORSE. I have set that forth in my manuscript. The rates would be raised $2\frac{1}{2}$ percent.

Mr. PROXMIRE. Two and one-half percent on each?

Mr. MORSE. One and one-quarter percent on each.

Mr. PROXMIRE. One and one-quarter percent on each. In other words, the rate would be increased from $2\frac{1}{4}$ percent to $3\frac{1}{2}$ percent.

I should like to point out to the distinguished senior Senator from Oregon what a modest proposal he is making. The fact is that every other large civilized industrial country in the world pays benefits which are more ample in relation to the national income and assesses a social security tax which is more substantial.

I should like to cite the example of West Germany, where employers pay a tax of 7 percent and employees pay a tax of 7 percent, and of course benefits are accordingly higher.

The bill as offered in the form of an amendment by the distinguished senior Senator from Oregon would provide a tax of $3\frac{1}{2}$ percent. That is only one-half of the tax paid in West Germany, which everybody recognizes now has a great free-enterprise economy.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Oregon.

Mr. MORSE. I want the Senator to know the manner in which I prepared the bill. I do not deserve any credit for the preparation of the bill or of the technical material in the bill. I do not want to seem to take any credit.

The bill was prepared with the assistance of experts from the Library of Congress and from the Social Security Administration. The Social Security Administration made it very clear it was simply supplying me with technical assistance, at my request, and in no way was to be associated with the merits of the proposal, but I want to thank, in the best manner I can, the people from the Social Security Administration and the Library of Congress, for the wonderful technical and expert assistance rendered me.

Mr. PROXMIRE. In France, in Italy, and in virtually every other country the social security tax in respect to earnings, and therefore the benefits, are far higher. The tax is not 25 percent higher, as the senior Senator from Oregon has suggested, but 100 percent or 200 percent

higher. The benefits are—in proportion—accordingly higher.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me so that I may ask for the yeas and nays on final passage of the bill, so that Senators who have been sitting around waiting to vote on the bill will know we will have a yeas-and-nays vote?

Mr. SMATHERS. Does the Senator have any idea as to the time for the vote?

Mr. PROXMIRE. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

Mr. JOHNSON of Texas. I am asking for the yeas and nays on final passage of the bill, so that all Senators who are in the cloakrooms or at other places will be prepared for the vote.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, in conclusion I should like to say, as I believe I said once before, the senior Senator from Oregon deserves the greatest commendation for his proposal. I am delighted to support it, and I shall vote for it. I have no illusions about the amendment being agreed to, exactly as the Senator from Oregon has no illusions.

Mr. President, if I may I should like to have the attention of the senior Senator from Oklahoma [Mr. KERR] for just a moment. I should like to say to the senior Senator from Oklahoma that I, too, am very much aware of the great odds the Senator faced in getting a social-security bill through the Congress in the present session. I know as well as the Senator does the bill should contain more than a 7-percent increase if it had been possible to get that kind of a bill passed by the Senate, passed by the House, and signed by the President. However, the ultimate ideal—the Morse ideal or the Proxmire ideal—was not possible. I think the Senator has performed a great service to the old people of Wisconsin and the old people of America. All our people should thank the senior Senator from Oklahoma for a grand job.

I have talked with a number of Senators who serve on the Committee on Finance, and I felt a month ago there was almost no chance of having a social-security bill passed by the Congress. However, we had a great champion on the Finance Committee in the person of the senior Senator from Oklahoma, who was ably assisted by a number of other members of the committee, who fought very hard. I think the country owes the senior Senator from Oklahoma a great debt of gratitude for the fine job he has done.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Oregon.

Mr. MORSE. The Senator from Wisconsin has been a great stimulus and inspiration to those of us who have fought for social-security legislation this

year. I hope we have been of some assistance to the Senator from Oklahoma, if it has not been any more than to put him in a position to say, "You had better go this far, because look at what these other fellows want."

When I say "these other fellows" I mean the Proxmires, the Churches, the Yarboroughs, the McNamaras, and the whole group of us who week after week reminded the Senate of its obligation to pass social-security legislation before the session adjourned.

I want to pay my high thanks to the Senator from Wisconsin for the prodding he has given me in seeing to it that I kept on the ball, so to speak, with respect to social-security legislation. I hope in turn this has been helpful to our great leader on this matter, the Senator from Oklahoma [Mr. KERR].

Mr. PROXMIRE. Mr. President, the senior Senator from Oregon needs no prodding from anyone on this kind of legislation.

I should like to say, in conclusion, that Wisconsin is a State in which people believe deeply in social security. We are very proud of the fact that two of the men who had the most to do with social security in all America came from Wisconsin. One was Arthur Altmeyer, who is considered to be the father of social security by many, and who was a Social Security Commissioner for many years. The other was Edwin Witte, who was on the first Cabinet Commission, which set up the Social Security Administration and the basic social security law in this country, and who has become recognized as the personification of the Wisconsin idea.

Wisconsin has contributed greatly to social-security legislation, and we are deeply indebted to the Senator from Oklahoma for making the present improvement possible.

Mr. President, I yield the floor.

Mr. KERR. Mr. President, I wish to express my appreciation to the distinguished Senator from Wisconsin for his kind words. I say to the Senator, I glory in the fact that he has been energetic, diligent, and vigorous in his support of the general purposes of the bill.

I hope the time may come when I can join with the Senator in moving faster in the direction of a greater program and a more complete program, as he has envisioned and worked for.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. WILLIAMS. Mr. President, I ask for the yeas and nays on the amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, may we have a vote on the Morse amendment?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE].

The amendment was rejected.

Mr. LONG. Mr. President, I offer the amendments which I send to the desk and ask to have stated. They are designated, collectively, as "8-15-58-E."

The PRESIDING OFFICER. The amendments offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 91, lines 18 and 19, it is proposed to strike out "January 1, 1959" and insert in lieu thereof "October 1, 1958."

On page 93, line 21, it is proposed to strike out "January 1, 1959" and insert in lieu thereof "October 1, 1958."

On page 95, lines 24 and 25, it is proposed to strike out "January 1, 1959" and insert in lieu thereof "October 1, 1958."

On page 98, line 1, it is proposed to strike out "January 1, 1959" and insert in lieu thereof "October 1, 1958."

On page 101, line 5, it is proposed to strike out "ten" and insert in lieu thereof "eleven."

On page 101, line 6, it is proposed to strike out "January 1, 1959" and insert in lieu thereof "October 1, 1958."

On page 103, lines 14 and 15, it is proposed to strike out "December" and insert in lieu thereof "September."

On page 103, line 19, it is proposed to strike out "December" and insert in lieu thereof "September."

Mr. LONG. Mr. President, I withdraw all portions of the printed amendments beginning with line 9 on page 2; in other words, the amendment consists only of page 1 and the first 8 lines on page 2.

The amendments would retain the effective dates, as approved by the House, in connection with the public assistance program. In the committee the effective dates were changed, based upon the effective date of the act. The main reason for that was to pare down the cost of the bill. However, amendments have been adopted to reduce the cost of the bill. Therefore, I believe it would be well to allow the effective dates with respect to the public assistance portion to remain as they were in the House bill. I believe the distinguished Senator in charge of the bill is willing to accept the amendments. They would make it possible for the aged people to receive their public assistance about 3 months sooner than they otherwise would. The amendments would be administratively feasible. They would retain that portion of the House bill as it was passed by the House. There may not be a conference on the bill. I would not like to see the effect of not having a conference mean a substantial postponement of the dates which Congress intended.

Mr. KERR. Mr. President, inasmuch as I believe the adoption of other amendments has achieved the purpose of reducing the cost of the bill to the extent the Senate is willing to do so. If reductions would make it possible to have the bill enacted into law, they have already taken place. I ask that the

amendments of the Senator from Louisiana be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Louisiana [Mr. LONG]. Without objection, they will be considered en bloc.

The amendments were agreed to.

Mr. HUMPHREY. Mr. President, I offer the amendment which I send to the desk and ask to have printed in the RECORD without reading.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD without reading.

The amendment was, to add the following new title at the end of the bill:

TITLE VIII—HOSPITALIZATION INSURANCE
AMENDMENTS TO TITLE II OF THE SOCIAL
SECURITY ACT

SEC. 801. (a) Title II of the Social Security Act is amended by adding after section 225 the following new section:

"HOSPITAL INSURANCE

"Eligibility for Insurance

"SEC. 226. (a) (1) The cost of hospital or nursing home services furnished to any individual during any month for which he is entitled to monthly benefits under section 202 (whether or not such benefits are actually paid to him) or is deemed entitled to such benefits under the provisions of paragraph 2, or the cost of such services furnished to him during the month of his death where he ceases to be entitled by reason of his death, shall, subject to the provisions of this section, be paid from the Federal Old-Age and Survivors Insurance Trust Fund to the hospital or nursing home which furnished him the services. Services to be paid for in accordance with the provisions of this section include only services provided in the United States.

"(2) For purposes of this section, (A) any individual who would upon filing application therefor, be entitled to monthly benefits for any month under section 202 shall, if he files application under this section within the time limits prescribed in section 202 (j) be deemed, for purposes of this section only, to be entitled to benefits for such month, (B) such individual shall, whether or not he files application under this section, be deemed to be entitled to benefits under section 202 for such month for purposes of determining whether the wife, husband, or child of such individual comes within the provisions of clause (A) hereof, and (C) any individual shall, for purposes of this section, be deemed entitled to benefits under section 202 if such individual could have been deemed under clauses (A) or (B) of this paragraph to have been so entitled had he not died during such month.

"(3) For purposes of paragraph (2), an individual's application under this section may, subject to regulations, be filed (whether such individual is legally competent or incompetent) by any relative or other person, including the hospital or nursing home furnishing him hospital or nursing home services and, after such individual's death, his estate.

"(4) Payments may be made for hospital services furnished under this section to an individual during his first 60 days of hospitalization in a 12-month period that begins with the first day of the first month in which the individual received hospital services for which a payment is made under this section, and during his first 60 days of hospitalization in each succeeding 12-month period; and for nursing home services furnished under this section to an individual if the individual is transferred to the nursing home from the hospital, and if the services are for an illness or condition associated with that

for which he received hospital services: *Provided*, That the number of days of nursing home services for which payments may be made shall, in any 12-month period as described above, not exceed 120 less the number of days of hospital services (in the same 12-month period) for which payments are made under this section.

"(5) The provisions of section 205 relating to the making and review of determinations shall be applicable to determinations as to whether the costs of hospital or nursing home services furnished an individual may be paid for out of the Federal Old-Age and Survivors Insurance Trust Fund under this subsection, and the amount of such payment.

"Description of hospital and nursing home services

"(b) (1) For purposes of this section, the term 'hospital services' means the following services, drugs, and appliances furnished by a hospital to any individual as a bed patient: bed and board and such nursing services, laboratory services, ambulance services, use of operating room, staff services, and other services, drugs, and appliances as are customarily furnished by such hospital to its bed patients either through its own employees or through persons with whom it has made arrangements for such services, drugs, or appliances; the term 'hospital services' includes such medical care as is generally furnished by hospitals as an essential part of hospital care for bed patients; such term shall include care in hospitals described in paragraph (1) of subsection (d); such term shall not include care in any tuberculosis or mental hospital.

"(2) The term 'nursing home services' means skilled nursing care, related medical and personal services and accompanying bed and board furnished by a facility which is equipped to provide such services, and (A) which is operated in connection with a hospital, or (B) in which such skilled nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to practice medicine or surgery in the State.

"Free choice by patient

"(c) (1) Any individual referred to in paragraphs (1) and (2) of subsection (a) may obtain the hospital or nursing home services for which payment to the hospital or nursing home is provided by this section from any hospital or nursing home which has entered into an agreement under this section, which admits such individual and to which such individual has been referred by a physician or (in the case of hospital or nursing home services furnished in conjunction with oral surgery) dentist licensed by the State in which such individual resides or the hospital or nursing home is located, upon a determination by the physician or dentist that hospitalization or nursing home care for such individual is medically necessary; except that such referral shall not be required in an emergency situation which makes such a requirement impractical.

"(2) Regulations under this section shall provide for payments (in such amounts and upon such conditions as may be prescribed in such regulations) to hospitals for hospital services rendered in emergency situations to individuals referred to in paragraphs (1) and (2) of subsection (a) by hospitals which have not entered into an agreement under this section."

"Agreements with hospitals and nursing homes

"(d) (1) Any institution (other than a tuberculosis or mental hospital) shall be eligible to enter into an agreement for payment from the Federal old-age and survivors insurance trust fund of the cost of hospital or nursing home services furnished

to individuals referred to in paragraphs (1) and (2) of subsection (a) if it is licensed as a hospital or nursing home pursuant to the law of the State in which it is located.

"(2) Each agreement with a hospital under this section shall cover all hospital services included under subsection (b) (which services shall be listed in the agreement), shall provide that such services shall be furnished in semiprivate accommodations if available unless other accommodations are required for medical reasons, or are occupied at the request of the patient, shall be made upon such other terms and conditions as are consistent with the efficient and economical administration of this section, and shall continue in force for such period and be terminable upon such notice as may be agreed upon.

"(3) An agreement with a hospital or nursing home under this section shall provide for payment, under the conditions and to the extent provided in this section, of the cost of hospital and nursing home services which are furnished individuals referred to in paragraphs (1) and (2) of subsection (a) provided that no such payment shall be made for services for which the hospital or nursing home has already been paid (excluding payments by such individuals for which reimbursement to them by the hospital has been assured); but no such agreement shall provide for payment with respect to hospitals or nursing home services furnished to an individual unless the hospital or nursing home obtains written certification by the physician (if any) who referred him pursuant to subsection (c) that his hospitalization or care in the nursing home was medically necessary and, with respect to any period during which such services were furnished, written certification by such individual's attending physician during that period that such services were medically necessary. The amount of the payments under any such agreement shall be determined on the basis of the reasonable cost incurred by the hospital or nursing home for all bed patients, or, when use of such a basis is impractical for the hospital or nursing home or inequitable to the institution or the Federal old-age and survivors insurance trust fund, on a reasonably equivalent basis which takes account of pertinent factors with respect to services furnished to individuals referred to in paragraphs (1) and (2) of subsection (a). Any such agreement shall preclude the hospital or nursing home with which the agreement is made from requiring payments from individuals for services, payment of the cost of which is provided by this section, after it has been notified that the cost of such services is payable from the Federal old-age and survivors insurance trust fund, except that it may require payments from such individuals for the additional cost of accommodations occupied by them at their request which are more expensive than semiprivate accommodations.

"(4) Except as provided by regulation, no agreement may provide for payments (A) to any Federal hospital, or to any other hospital for hospital services which it is obligated by contract with the United States (other than an agreement under this section) to furnish at the expense of the United States, or (B) to any hospital for hospital services which it is required by law or obligated by contract with a State or subdivision thereof to furnish at public expense except where the eligibility of the individual for such services is determined by application of a meanstest.

"(5) No supervision or control over the details of administration or operation, or over the selection, tenure, or compensation of personnel, shall be exercised under the authority of this section over any hospital or nursing home which has entered into an agreement under this section.

"(6) Agreements under this subsection shall be made with the hospital or nursing home providing the services, but this paragraph shall not preclude representation of such institution by any individual, association, or organization authorized by the institution to act on its behalf.

"(7) Except to the extent the Secretary has made provision pursuant to subsection (h) for the making of payments to hospitals and nursing homes by a private nonprofit organization, he shall from time to time determine the amount to be paid to any hospital or nursing home under an agreement with respect to services furnished, and shall certify such amount to the managing trustee of the Federal old-age and survivors insurance trust fund, except that such amount shall, prior to certification, be reduced or increased, as the case may be, by any sum by which the Secretary finds that the amount paid to the hospital or nursing home for any prior period was greater or less than the amount which should have been paid to it for such period. The Managing Trustee prior to audit or settlement by the General Accounting Office, shall make payment from the Federal old-age and survivors insurance trust fund, at the time or times fixed by the Secretary, in accordance with such certification.

"Nondisclosure of information"

"(e) Information concerning an individual, obtained from him or from any physician, dentist, nurse, hospital, nursing home, or other person pursuant to or as a result of the administration of this section, shall be held confidential (except for statistical purposes) and shall not be disclosed or be open to public inspection in any manner revealing the identity of the individual or other person from whom the information was obtained or to whom the information pertains, except as may be necessary for the proper administration of this section. Any person who shall violate any provision of this subsection shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding 1 year, or both.

"Hospital services under workmen's compensation"

"(f) The provisions of subsection (a) shall not be applicable to any hospital or nursing home services which an individual required by reason of any injury, disease, or disability on account of which such services are being received or the cost thereof paid for, or upon application therefor would be received or paid for, under a workmen's compensation law or plan of the United States or of any State, unless equitable reimbursement to the Federal old-age and survivors insurance fund for the payments hereunder with respect to such services have been made or assured pursuant to agreements or working arrangements negotiated between the Secretary and the appropriate public agency. Notwithstanding the above sentence, if (1) the individual's entitlement to receive such services (or to have the cost thereof paid for) under such a workmen's compensation law or plan is in doubt when such services are required, (2) the cost of such services is otherwise payable from the Federal old-age and survivors insurance trust fund pursuant to this section, and (3) the individual makes an appropriate application under such workmen's compensation law or plan and agrees, in the event that he is subsequently determined to be entitled to receive such services (or to have the cost thereof paid for) under such law, to reimburse the Federal old-age and survivors insurance trust fund in the amount of any loss it might suffer through its payment for such services, then the cost of such services may be paid from such trust fund in accordance with

this section. In any case in which the cost of services is paid from the Federal old-age and survivors insurance trust fund pursuant to the immediately preceding sentence, or is paid from such trust fund with respect to any such injury, disease, or disability for which no reimbursement to such trust fund has been made or assured pursuant to the first sentence of this subsection, the United States shall, unless not permitted under the law of the applicable State (other than the District of Columbia) be subrogated to all rights of such individual, or of the provider of services to which payments under this section with respect to such services are made to be paid or reimbursed pursuant to such workmen's compensation law or plan for such payments. All amounts recovered pursuant to this subsection shall be deposited in the Treasury of the United States to the credit of the Federal old-age and survivors insurance trust fund.

"Regulations and functions of advisory council"

"(g) All regulations specifically authorized by this section shall be prescribed by the Secretary. In administering this section, the Secretary shall consult with a National Advisory Health Council consisting of the Commissioner of Social Security, who shall serve as chairman ex officio, and eight members appointed by the Secretary. Four of the eight appointed members shall be persons who are outstanding in fields pertaining to hospital and health activities, and the other four members shall be appointed to represent the consumers of hospital and nursing-home services, and shall be persons familiar with the need for such services by eligible groups. Each appointed member shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and the terms of office of the members first taking office shall expire, as described by the Secretary at the time of appointment, 2 at the end of the first year, 2 at the end of the second year, 2 at the end of the third year, and 2 at the end of the fourth year after the date of appointment. An appointed member shall not be eligible to serve continuously for more than two terms but shall be eligible for reappointment if he has not served immediately preceding his reappointment. The council is authorized to appoint such special advisory and technical committees as may be useful in carrying out its functions. Appointed council members and members of advisory or technical committees, while serving on business of the council, shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day, and shall also be entitled to receive an allowance for actual and necessary travel, and subsistence expenses while so serving away from their places of residence. The council shall meet as frequently as the Secretary deems necessary, but not less than once each year. Upon request by three or more members it shall be the duty of the Secretary to call a meeting of the council.

"Utilization of private nonprofit organizations"

"(h) (1) The Secretary may utilize, to the extent provided herein, the services of private nonprofit organizations exempt from Federal income taxation under section 501 of the Internal Revenue Code which (A) represent qualified providers of hospital or nursing home services, or (B) operate voluntary insurance plans under which agreements, similar to those provided for under subsection (d), are made with hospitals and nursing homes for defraying the cost of services. Such organizations shall be utilized by the Secretary to the extent that he can make

satisfactory agreements with them and to the extent he determines that such utilization will contribute to the effective and economical administration of this section. Such agreements shall not delegate (A) his functions relating to determinations as to whether the costs of hospital and nursing home services furnished an individual may be paid for out of the Federal old-age and survivors insurance trust fund under this section and the amount of such payment, and (B) his functions relating to the making of regulations.

"(2) An agreement under paragraph (1) shall provide for payment from the Federal old-age and survivors insurance trust fund to the organization of the amounts paid out by such organization to hospitals and nursing homes under this section and of the cost of administration determined by the Secretary to be necessary and proper for carrying out such organization's functions under its agreement pursuant to this subsection. Such payments to any organization shall be made either in advance on the basis of estimates by the Secretary or as reimbursement, as may be agreed upon by the organization and the Secretary, and adjustments may be made in subsequent payments on account of overpayments or underpayments previously made to the organization under this subsection. Such payments shall be made by the managing trustee of the trust fund on certification by the Secretary and at such time or times as the Secretary may specify and shall be made prior to audit or settlement by the General Accounting Office.

"(3) An agreement under paragraph (1) with any organization may require any of its officers or employees certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from the Federal old-age and survivors insurance trust fund.

"Certifying and disbursing officers"

"(1) (1) No individual designated by the Secretary, pursuant to an agreement under this section, a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payments certified by him under this section.

"(2) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided in paragraph (1).

"Adjustments in cash benefits"

"(j) For purposes of section 204, any payment under this section to any hospital or nursing home, with respect to hospital or nursing home services furnished an individual, shall be regarded as a payment to such individual."

(b) The amendments made by subsection (a) shall be effective on the 1st day of the 12th calendar month after the month in which this act is enacted.

(c) Notwithstanding the provisions of section 226 (a) (2) of the Social Security Act, as amended by this act, and subsection (b) of this section, applications filed under such section 226 which would otherwise be valid shall, subject to regulations of the Secretary, be considered valid even though filed more than 3 months prior to the effective date of this act, but not if filed prior to the 1st day of the 4th calendar month after the month in which this act is enacted.

Mr. HUMPHREY. Mr. President, this amendment is not original with the Sen-

ator from Minnesota. It was long ago incorporated into social-security bills advanced by the distinguished senior Senator from Montana [Mr. MURRAY].

It is not to be confused with what has been called socialized medicine, because it has nothing whatsoever to do with the selection of doctors, the payment of doctor bills, choice of doctors, or anything relating to healing, except so far as a hospital room would be concerned.

The amendment is offered at this time merely to initiate discussion on what I sincerely believe will be one of the important advances in the field of social security in the years to come.

In talking with the Governor of my State I find that the largest single expense in the entire welfare program in the State of Minnesota is for hospital care for the aged; not the doctor, but the hospital. Many of those people are victims of diseases which keep them in the hospital for months. My amendment would relieve the local district and State governments from the responsibility for such payments. If adopted it would cause the payments to come from the social-security fund, by reason of a tax on the income, which is provided, and by reason of the base of the income. Presently the base is being raised from \$4,200 to \$4,800. I think it is fair to say that if we included any kind of hospital insurance we would have to raise the base to \$5,500, at least, possibly adding a quarter of 1 percent or a half of 1 percent to the tax.

I do not intend to press this amendment to a vote. I intend to withdraw it.

The time is at hand when the Senate Finance Committee, along with the Senate Committee on Labor and Public Welfare, should be giving very serious attention to hospital costs for the aged.

Let me make it quite clear that this amendment would not interfere with the so-called Blue Cross program or the voluntary programs in which all of us have such faith, and in which so many Americans have made their investments. I happen to believe in those voluntary programs. But everyone knows that it is very difficult to obtain hospital insurance for a person 65 years of age or over. Such persons are not considered to be the best of risks so far as a voluntary insurance program is concerned; and if many of them go into the voluntary programs, the cost of the programs is increased to the point where they are almost prohibitive for the younger group.

This particular amendment has its genesis in long studies which have been made over the past years of the needs of our aged people. I am hopeful that some day we shall be able to do something about those needs.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement relating to my amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUBERT H. HUMPHREY—IMPROVEMENTS IN SOCIAL SECURITY

I have introduced amendments to the Social Security Act to increase benefits under the old-age, survivors, and disability program, and to provide insurance against the costs of hospital and nursing home service for persons eligible for benefits under the OASDI program.

We must constantly be alert to keep our social insurance programs realistically up to date. Our present program is inadequate in two areas, which I am attempting to remedy by this legislation. First, cash benefit payments under the old-age, survivors, and disability program have not kept up with rising living costs, or with earning levels. If this insurance program is to fulfill its purpose, we must assist people to contribute during their working years so that they might receive in retirement an amount at least sufficient to maintain them at a minimum income level proportionate to that which they enjoyed during their working years. One problem—a benefit payment that is simply too small—affects people in the lowest earning groups. This level needs to be raised. Another problem—a benefit payment ceiling that is reached too soon—affects people in higher earning brackets. Under the present law, once earnings have reached \$4,200 a year, no further increases in retirement or survival benefits are possible. Yet the advance in incomes has enabled 3 workers of every 5 with full-year employment to surpass this level. Thus when they reach the age where they are entitled to draw benefits, or when the family provider can no longer provide, the family unit suffers a drop in income that is too severe for it to absorb. An increase in maximum earnings is justified.

There is a further reason for raising the ceiling. In order to follow sound American tradition, it has always been the intent of Congress that the social insurance measures we adopt should not act so as to reduce incentives for self-advancement. Instead, they should be proportional, within limits, to earnings. An insured worker should not be confronted with the situation that anything he earns beyond \$4,200 a year will not provide his survivors any better care or himself a more nearly adequate retirement.

The second inadequacy of our old-age, survivors, and disability insurance program which I seek to remedy by this bill is our present failure to provide for one of the major financial disasters threatening those who receive benefits. I refer to the possible need for hospital and nursing home care. During the time a person is in his earning years, he can often provide for such contingencies through voluntary organizations that provide hospital care on an insurance plan. The wide group coverage at many places of employment may bring such a program within his financial reach. Yet when he retires, or when his providing days come to an end, he or his survivors face the possibility of hospital expenses with a dual handicap. On the one hand their income is suddenly and substantially reduced; on the other, their right to group coverage in hospital insurance plans is lost, and the cost of such insurance is probably beyond their reach. When sickness strikes, many are left with two alternatives—either to forgo the desired treatment and suffer, or apply for public assistance. If the latter, the regular welfare funds are diminished or the overburdened hospitals are denied repayment for their services.

How much more logical it would be to provide a hedge against the additional hazards of hospital expense by incorporating an insurance policy to take care of it into our already operating national old-age and survivors program. This is not medical in-

insurance, it is limited only to hospitalization for those eligible to OASDI.

Under my amendments, the two changes I have proposed in the OASDI program—higher benefit payments under the existing program and hospital insurance for persons eligible to receive those benefits—would be financed by a modest increase in payroll tax—one-half percent—by employee and employer, and an additional three-quarters percent payment by the self-employed.

BENEFITS

First, let us look at the increased benefits proposed under the existing old-age and survivors program. My amendment would increase monthly benefits about 10 percent on the average. The largest percentage increases, as in past amendments to this law, go to those in the bottom brackets. Thus, retired individuals whose average monthly earnings were \$50 would receive an increase of \$5 a month in benefits, raising their total monthly payment to \$35. Under the present maximum coverage, anyone earning \$350 a month or over can receive only \$108.50. Under my proposal those at \$350 would get \$118.80, and by raising the ceiling, those who earned \$500 a month could receive \$151.80, the top payment. My colleagues will note that even with this substantial raise, the beneficiary still receives just over 30 percent of his former monthly income.

Family benefits are raised in a similar manner. The present \$50 for a widow and two children in the lowest bracket is raised to \$55. The present maximum family benefit of \$200 would be raised to \$305, or 61 percent of previous monthly earnings.

These provisions would go into effect for the third month after enactment of the bill. The higher earnings base would be effective in 1959. For the people now on the benefit rolls, the bill provides for increases of from \$5 to \$10.30.

In order to allow the new higher earnings ceiling to benefit people in the near future, the bill proposes to allow dropping out 1 additional year of low monthly earnings for each 7 years of coverage in addition to the 5 years now allowed to be eliminated. If this is not done, no one could reach the full maximum payments until 1997. If we do allow this new drop-out, one who has been covered since 1936 could reach the maximum in 1961.

HOSPITALS AND NURSING HOMES

Turning to the proposal to add to our present program against hospital expenses, let me first say that my bill makes people eligible for benefits under this provision if they are eligible for old-age insurance, whether or not they have yet applied for it. Certainly it would be undesirable to compel aged persons to stop working in order to be covered against hospital expenses, if they feel that continued work will be socially constructive and advantageous to them.

The hospital insurance program would entitle those eligible to up to 60 days of hospital care, with subsequent nursing home care if necessary, up to a combined total of 120 days in any year. Benefits included are hospital services, drugs, appliances, and care ordinarily furnished to patients in semi-private accommodations. Persons certified by a physician as needing the care could choose any hospital that admits them and that had contracted with the Secretary of Health, Education, and Welfare to furnish the services. Tuberculosis and mental hospitals are not covered, and hospital care received under workmen's compensation statutes would not be reimbursed by this insurance.

If a physician directed that nursing home care was needed for a condition that had required hospitalization, this would also be covered. Nursing home service would include skilled nursing care, related medical and personal services, and accompanying bed and board provided by a licensed nursing

home operated in connection with a hospital or in which a medical doctor directs the care.

Positive prohibition of any direction of hospital activities is specified in the amendment.

If effective and economical administration of hospital insurance can be achieved through private, nonprofit insurance organizations, the Secretary is authorized to contract with them to provide it.

Hospital insurance payments under the bill would begin in the twelfth month after the bill is enacted. It is estimated that 12 to 13 million persons would be eligible for coverage.

I have outlined the provisions of the amendments I am suggesting in this bill to the old-age, survivors, and disability insurance program. The bill also, of course, includes changes in the Internal Revenue Code to include the wage and payroll tax increases that will finance the program.

The provisions of this bill are modest—deliberately limited in scope to facilitate enactment of this much-needed measure in 1958. They deal with social insurance only. I have had a bill for improvements in public assistance pending in the Senate for several months. Other bills I have introduced or cosponsored would develop our welfare programs further.

The distinguished former Director of the Division of Research and Statistics of the Social Security Administration, Professor Wilbur J. Cohen, now of the school of social work at the University of Michigan, Ann Arbor, Mich., recently testified before the House Committee on Government Operations on Federal-State programs and policies in health, education and welfare. Nowhere have I seen a more cogent and complete analysis of this whole subject.

Since many of Professor Cohen's suggestions in regard to social insurance are in agreement with the provisions of my bill, I ask unanimous consent that the text of his remarks be printed at this point in the RECORD.

In my opinion, the changes I have suggested today should be enacted this year. I believe they are necessary to meet two of the major deficiencies in our welfare program. I believe they are realistic in that they are modest efforts to handle these problems within our presently established social security system. I believe they are financially sound in that they will be financed by the earning power of those who stand to benefit. I trust that my colleagues will join in this effort to meet the continuing challenge of meaningful social security.

Mr. HUMPHREY. Mr. President, I want the RECORD to show that my amendment relates to nursing home care as well. It provides for 60 days a year of nursing home care, and 60 days of hospital care for those who are the beneficiaries of old-age and survivors' insurance. It is limited to that group. I am of the opinion that sometime in the not too distant future we shall find a program before the Congress which will begin to meet this basic objective.

Earlier today the Senator from Texas [Mr. YARBOROUGH] discussed his amendment for a 10-percent increase in social security payments for old-age and survivors' insurance beneficiaries. That amendment was rejected.

I have an amendment lying on the desk dealing with the same subject. It is designated "8-15-58-I." I joined with the Senator from Texas, rather than to press my own amendment. I am very happy with the vote we obtained. We knew that it was an uphill fight, but I am still convinced that a 10-

percent increase would have been meritorious, financially sound, and just for the recipients of old-age and survivors' insurance benefits.

I regret that we were unable to obtain a majority vote for it. However, I am grateful for the fact that we have a social security bill before the Senate. The Senator from Oklahoma and his colleagues are to be thanked and congratulated on doing a very fine job in bringing such a bill to us.

I regret that the Kuchel amendment for old-age assistance, with its pension program, was not adopted. I was a cosponsor of that amendment. I knew that when we had the first vote on the self-liquidating feature for the old-age and survivors' insurance beneficiaries, and when that amendment was turned down, that the odds of obtaining a favorable vote on the Kuchel amendment, which was to increase the old-age assistance payments, was remote.

Nevertheless, it was a good amendment and I supported it. I shall be back to support it again.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The Senator from Minnesota withdraws his amendment.

Mr. DOUGLAS. Mr. President, I send my amendment to the desk. It is identified as 8-15-58-J. I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 98, between lines 20 and 21, it is proposed to insert the following new section:

AMOUNTS DISREGARDED IN DETERMINING NEED FOR OLD-AGE ASSISTANCE AND AID TO DEPENDENT CHILDREN

SEC. 513. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows:

"(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such determination the State agency may disregard not more than \$20 per month of net earned income."

(b) Section 402 (a) (7) of the Social Security Act is amended to read as follows:

"(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to dependent children; except that in making such determination the State agency may disregard not more than \$20 per month of net earned income."

(c) The amendment made by subsections (a) and (b) of this section shall be effective on and after July 1, 1959.

Mr. DOUGLAS. Mr. President, this is a very simple amendment. What it does is to permit the recipient of old-age assistance and of aid to dependent children to earn up to \$20 a month without having those earnings deducted from their subsistence amounts.

The present law provides, in the case of the aged, that the State agency shall, in determining need, take into account the entire income and resources of an individual. This means, in practice, that every dollar a person on old age assistance earns is deducted from the amount of aid which that person would get if he did not earn the money.

Let us suppose that a social worker approves a budget of \$55 for an aged person. If there are no earnings, that is the amount paid in the form of old-age assistance. If the old man or old woman earns \$15 a month, that amount is deducted from the amount of the grant, and the payment is only \$40. In that way, all inducement to earn money by an aged person is completely discouraged. Every dollar such a person earns is subtracted from the assistance which he otherwise would get. A good deal of criticism which has been directed at the old-age assistance program comes from this very fact, when it is said that the payment of these grants discourages effort and encourages shiftlessness. When one considers that the average age of those on old age assistance is 75 years, it can be seen clearly that the present law really stops the elderly from earning money from such efforts as baby sitting.

The same thing is true with reference to the provisions for dependent children. The amount of money a dependent child earns, by cutting lawns or delivering newspapers or sawing wood or running errands, is deducted from the grant which would otherwise be given to his parent or to his custodian.

One cannot imagine a better system for discouraging effort and encouraging idleness than the grants which are now provided.

What the amendment would do would be to permit the parties to earn up to \$20 without any deductions from the assistance or grant which would otherwise be given to them. It is therefore an encouragement to thrift and it is an encouragement to effort.

Two years ago, in 1956, I proposed a similar amendment, except that it provided for an exemption of \$50 a month in earned income, so that a person could earn up to \$50 a month and would not have the sum deducted from the old age assistance which would otherwise be given to him.

It is very interesting to note that the vote on that amendment was 56 yeas and only 34 nays. In other words, it carried in the Senate. However the conference committee turned it down. The cost of that amendment would not have exceeded \$12 million. I understand that the Social Security Administration fixes the cost of \$15 million on the present amendment. I cannot conceive that the cost would be \$15 million for the pending amendment because whereas the amendment of 2 years ago provided for a \$50 exemption, this provides for only a \$20 exemption, although it does extend it to dependent children.

Mr. KERR. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KERR. The Senator knows that I am just as strong for his amendment as he is, although I could not accept it on the pending bill. As I understand, the estimate of \$15 million for the amendment is as nearly accurate as we can get. The reason there is a difference in the amount greater than it would seem it should be, although the amendment calls for a \$20 exemption, whereas the other

called for a \$50 exemption, is that the previous amendment applied only to the aged, and the pending amendment applies also to the other group.

Mr. DOUGLAS. I can only say that it would be impossible to have \$15 million invested to better advantage than by permitting this group in our population to earn something from effort. May I ask my good friend from Oklahoma, who has rendered yeoman service, whether the administration is favorable to the proposal?

Mr. KERR. I am compelled to tell my good friend from Illinois that I have investigated the matter and have been told that they could not favor it, especially on the pending bill. They have advised me, in fact—but of course so far as we are concerned it does not change our basic support of the principle—that it would be a substantive change with reference to the basis of assistance as it is now in the law.

Mr. DOUGLAS. Does the administration know that the proposed provision would not take effect until after the first of next July, and would therefore not apply to the current fiscal year?

Mr. KERR. I can only say that I submitted the amendment as the Senator had submitted it to me. I presumed that when they examined it, they thoroughly read its contents.

Mr. DOUGLAS. I must say that if that is true—and I am sure that the Senator from Oklahoma is a truth-telling man and is stating the exact truth—that this is a shameful act by the administration. It is a shameful act. It is an act which discourages effort and thrift. No administration can stand up before the American people and pose as having any humanitarianism if it refuses to accept a provision costing only \$15 million, and which would permit old people and youngsters to work and to earn up to \$20 a month without having it taken out of their hide. If that is the attitude of the administration, they deserve to be exposed to the public in this country.

Mr. KERR. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KERR. I did not report to the Senator that I was informed that if the amendment were added to the bill it would be vetoed. I asked if they favored or disapproved the proposal. They advised me that they could not favor it in this bill. Therefore, that was the extent of their statement. I know that is what the Senator would wish to address his remarks to.

Mr. DOUGLAS. I know the very difficult task the Senator from Oklahoma has had in negotiating with an administration which seems to be impervious to the aged and the poor, and which pays little attention to balancing the human budget and is interested only in the financial budget. He has had a very difficult set of customers downtown to deal with. I exempt from that statement the members of the Social Security Administration, because they are errand boys in this case. They are fine people themselves, but they have to take their orders from others. I have helped the administration on a number of measures

and have taken a political risk to help it. The administration ought to do something for the people of the United States.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. KERR. Mr. President, the Senator from Illinois has an amendment pending.

The PRESIDING OFFICER. The Chair stands corrected. The Chair was misinformed. The question is on agreeing to the amendment of the Senator from Illinois. (Putting the question.)

The Chair is in doubt. Those in favor of the amendment will please stand.

The Senate proceeded to divide.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. What is the question before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

Mr. DOUGLAS. I ask for a division. On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. KERR. Mr. President, I ask unanimous consent, notwithstanding the third reading of the bill, that I may offer technical amendments and have them acted upon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 42, line 5, after "Sec. 303," it is proposed to insert "(a)."

On page 43, after line 3, insert the following new subsection:

(b) The paragraph (3) added to such section 202 (g) by H. R. 5411, 85th Congress, is hereby repealed effective with respect to benefits payable for any month following the month in which this act is enacted.

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

Mr. NEUBERGER. Mr. President, three of the most important programs of our Government which have not re-

ceived adequate attention by the general public are the grants-in-aid program of the Children's Bureau, dealing with maternal and child health, child welfare, and crippled children's services. Unfortunately, these activities do not seem to have much political appeal, and for that reason, perhaps, they receive comparatively little attention. Yet they are urgently important, particularly to a group of people who often are desperately in need of such assistance—the Nation's children.

I am especially pleased to call this matter to the attention of the Senate tonight, because sitting beside me is the distinguished Senator from Alabama [Mr. HILL], who has been a leader in the establishment of these services, particularly in the case of improved maternal and child health.

Mr. President, I desire to have printed in the RECORD while we are discussing the urgent question of social-security benefits an excerpt from a letter dated February 18, written to me by Dr. Martha M. Eliot, chairman of the department of maternal and child health at Harvard University, and former Chief of the Children's Bureau; correspondence I have had with an eminent physician in my State, Dr. Richard L. Sleeter, associate professor of pediatrics and director of that division at the University of Oregon Medical School; correspondence I have had with Mr. Stuart R. Stimmel, State director of the Boys and Girls Aid Society of Oregon, and with other leaders in this very vital work; and letters I have written to the distinguished senior Senator from Virginia [Mr. BYRD], chairman of the Committee on Finance; to the Honorable Wilbur Mills, chairman of the House Committee on Ways and Means; to Dr. Harold M. Erickson, able State health officer of the Oregon State Board of Health; and to Mr. George J. Hecht, chairman of the American Parents Committee, Inc. Mr. Hecht has been a foremost advocate of action in this field, through Parents Magazine, which he publishes very effectively.

I ask unanimous consent that the letters be printed at this point in the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

EXCERPT OF FEBRUARY 28, 1958, LETTER OF DR. MARTHA M. ELIOT, CHAIRMAN OF THE DEPARTMENT OF MATERNAL AND CHILD HEALTH, HARVARD UNIVERSITY, AND FORMER CHIEF OF THE CHILDREN'S BUREAU

It is most urgent at this time that more Federal funds be made available for these child health programs and, in particular, for the program of services to crippled children. Quite recently I learned that there are many children with congenital heart disease whose operative care must be delayed because of the lack of funds in the State agencies responsible for the care of crippled children. Likewise, many States are not able to do the work that they would like to do for children with rheumatic heart disease, for children who are deaf and require hearing aids, for children with cleft palate. One of the newest and most appealing programs that is limited because of funds is the provision of artificial arms and legs for children who are

born without an arm or a leg or children who have been injured in accidents and lose an extremity. Recently amazing advances have been made in the manufacture of small-sized arms and legs, even for infants of no more than 18 months of age, and clinics are being organized with a staff of doctors, nurses, social workers, physical therapists, and psychologists to help parents with these difficult problems. Senator PORTER of Michigan has taken a great interest in this program, which started in the Michigan Commission for Crippled Children. It was due to Senator PORTER's influence that the appropriations for grants to States for these medical services to crippled children, in 1955, finally reached the ceiling of \$15 million.

I am sure that Sidney Farber could expand his good work for children with cancer if he could be assured of more money from many State health departments to pay for the care of the most obvious cases.

UNIVERSITY OF OREGON MEDICAL SCHOOL,
CRIPPLED CHILDREN'S DIVISION,
Portland, Ore., May 22, 1958.
HON. RICHARD L. NEUBERGER,
United States Senate,
Washington, D. C.

DEAR SENATOR NEUBERGER: I have just read Senate bill 3504 in which you seek an increase in funds for the programs of maternal and child health services and services for crippled children provided for by title V of the Social Security Act.

It seems appropriate at this time to present for you a picture of the University of Oregon Medical School, crippled children's division. Consequently, I am enclosing a brochure which depicts some of the services available through this division to the children with crippling diseases in our State. In contrast to the majority of States, we feel quite fortunate that the Oregon program, through the farsighted State legislators, was placed under the aegis of the medical school and the State board of higher education. It is quite unique from this standpoint and now forms an integral part of the medical school. The office and outpatient facilities are now housed in a building built for this organization in 1953 on the medical school campus.

The program at present includes most of the services offered to crippled children by all crippled children's services throughout the United States and Territories. In addition, however, because of the medical school affiliation, it has several distinct advantages in that the organization is used to teach medical, dental, nursing, occupational therapy, physical therapy, and speech therapy students, as well as interns and residents in the various departments. These individuals are taught the medical problems as well as many of the social factors so vital to understanding the care of the handicapped and crippled child.

Another distinct advantage is that the organization is in a position to participate in research, seeking more factual data pertaining to the crippled child, his care and treatment and when possible, data regarding prevention of handicapping conditions. You are undoubtedly acquainted with the collaborative cerebral palsy project of the National Institute of Neurological Diseases and Blindness in which 14 institutes and medical schools scattered throughout the United States are cooperatively participating. At the University of Oregon Medical School, the departments of obstetrics and gynecology, pediatrics, and the crippled children's division form the nucleus of the project in the local area on this tremendous research project.

If I can send you any pertinent information regarding the crippled children's serv-

ice which will be of benefit regarding Senate bill 3504, please let me know.

Sincerely yours,

RICHARD L. SLEETER, M. D.,
Associate Professor of Pediatrics and
Director.

JUNE 5, 1958.

RICHARD L. SLEETER, M. D.,
Associate Professor, University of
Oregon Medical School, Portland,
Oreg.

DEAR DR. SLEETER: Thank you for your letter of May 22, 1958.

I appreciated learning of your support of my bill to raise the statutory limit for maternal and child health and crippled children services of the Children's Bureau and of the fine work which has been done at the University of Oregon in these fields.

It is especially gratifying to know of Oregon's farsighted approach to the crippled children programs and of the success which has been enjoyed. Although hearings have not yet been scheduled on my bill, I feel certain that I will have an opportunity to utilize the information which you so kindly offered to furnish. Oregon's unique and successful program is vivid testimony of the good use to which these funds are put and of the need for additional appropriations.

Because of your interest, I am enclosing a tear sheet from the CONGRESSIONAL RECORD of May 15, 1958, regarding the abandonment of the heart operation projects at the University of Minnesota due to a lack of money. Your experience will allow you to fully appreciate the problem of inadequate funds faced by the Minnesota program.

If I can be of any assistance at any time, please do not hesitate to write.

With best wishes, I am,

Sincerely,

RICHARD L. NEUBERGER,
United States Senator.

THE BOYS AND GIRLS
AID SOCIETY OF OREGON,
Portland, Ore., April 1, 1958.

Senator RICHARD L. NEUBERGER,
United States Senator,
Washington, D. C.

DEAR DICK: Thank you very much for sending me the material from the CONGRESSIONAL RECORD regarding your bill to increase the funds for maternal and child health. I hope your efforts are successful. I thoroughly agree with you regarding the importance of this.

Please give our best to Maureen and to the Lindes.

Cordially,

STUART R. STIMMEL,
State Director.

AUGUST 7, 1958.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington,
D. C.

DEAR SENATOR BYRD: I was pleased to learn today that you have scheduled 2 days of your committee's valuable time for the Social Security Amendments Act of 1958. I know that this long-overdue legislation will receive full consideration under your able chairmanship.

As you may know, I have sponsored legislation in the Senate to raise the statutory limit on maternal and child health, crippled children, and child welfare services to \$25 million. After introducing this legislation, I was gratified with the widespread support which arose on behalf of the increases.

In the House, similar bills were introduced by members of both parties, and received the support of leading representatives of social welfare and parent organizations who testified before the House Ways and Means Com-

mittee. However, the House committee recommended only a \$5 million increase in each of the 3 programs; an increase which, in view of rising costs and increased child population, is hardly adequate to meet the needs of our children. Rather than go into detail regarding the financial needs of these programs, I am enclosing my most recent remarks in the CONGRESSIONAL RECORD, which include an excellent statement by Dr. Martha Eliot, chairman of the department of maternal and child health at Harvard University and former Chief of the Children's Bureau. I know that you will give this your full consideration.

I would be delighted, along with many others who are concerned with the social and health problems of our children, if the Senate were to increase the House-passed figure.

With best wishes, I am,

Sincerely,

RICHARD L. NEUBERGER.

JUNE 13, 1958.

HON. WILBUR MILLS,

Chairman, House Committee on Ways and Means, House Office Building, Washington, D. C.

DEAR CONGRESSMAN MILLS: I have learned from my good friend, Dr. Martha Eliot, of your decision to devote part of your very valuable social security hearing time to Representative EUGENE MCCARTHY's bill, H. R. 12834, to raise the statutory limit on maternal and child health, crippled children, and child welfare grants-in-aid programs of the Children's Bureau. As the sponsor of the identical legislation in the Senate which is dependent on your action, I am delighted at your decision.

Because you will hear from experts, much more qualified than I, I shall not cite the many reasons for enactment of this long-overdue legislation. However, I am enclosing copies of my remarks when I introduced S. 3504 and S. 3925, which may be of interest to you.

With best wishes, I am,

Sincerely,

RICHARD L. NEUBERGER,
United States Senator.

MAY 8, 1958.

Dr. HAROLD M. ERICKSON,

State Health Officer, Oregon State Board of Health, Portland, Ore.

DEAR DR. ERICKSON: I am pleased to learn of your interest in my bill, S. 3504, to raise the statutory limit on funds for maternal and child health and crippled children's services. It is very satisfying to know of the progress which has been made in Oregon with limited funds presently available and of your plans for the future.

I will appreciate any information which you may send me on our State programs. These will be especially valuable for committee hearings.

In case you have not seen it, I am enclosing a copy of my article from the Progressive magazine entitled "The Greatest Killer of Kids," which calls attention to the tragic number of children who are stricken by cancer.

With best wishes, I am

Sincerely,

RICHARD L. NEUBERGER,
United States Senator.

MAY 22, 1958.

Mr. GEORGE J. HECHT,

Chairman, the American Parents Committee, Inc., New York, N. Y.

DEAR MR. HECHT: Thank you for your letter of May 14, 1958, and the enclosed information regarding the status of the Nation's children. This, together with the insight which I received from our conversation, will be of particular value to me. You may be assured of my support of an increase for child welfare services as well as that which

I have proposed for maternal and child health and crippled children's services.

I am sure that you will be interested to know that I saw Miss Furman's moving article in the New York Times and subsequently asked that it be printed in the CONGRESSIONAL RECORD. It is my sincere hope that this will encourage House action. I am enclosing a copy of my remarks at the time the article was inserted.

Please do not hesitate to advise me of any other matters regarding child welfare which are of concern to you.

With best wishes, I am

Sincerely,

RICHARD L. NEUBERGER,
United States Senator.

Mr. KERR. Mr. President, I ask unanimous consent that technical changes in section numbers and cross references be made in the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

I give my wholehearted support to H. R. 13549, a bill which will increase benefits under the Social Security Act. I will vote for the bill on final passage. I make this statement to inform the people of my State, now insured and who are receiving benefit payments under the social-security system, of the increases they will receive if this bill becomes law. I also think it fair to state that it will raise the tax contributions that employers and employees will make to the trust fund from which benefits are paid. Seventy-five million people, employers and employees, now contribute through the social-security program to the benefits that insured employees will need when they retire or are too disabled to work, and their families will need when they die. And contributions by the Federal Government and the States give needed assistance to the aged, blind, dependent children and those totally disabled. There are 12 million people who are now receiving benefit checks from the social-security system each month.

Since 1954, when the last benefit increase was put into effect, and I was in the Senate at that time and voted for the benefits, wages have increased by about 12 percent and prices by 8 percent. This bill will increase the average level of payments to persons who have retired, are disabled, or, if dead, to their survivors, about 7 percent and help catch up with the increased cost of living. It is estimated that the average increase per month for workers now retired will be about \$4.75 a month and the total benefits payable to a family will be raised from \$200 to \$254.

The officials who administer the social-security system have reported to the Congress that additional payroll taxes must be levied if the trust fund from which benefits are paid, is to be maintained actuarially sound. At the present rate of payments they estimate that \$750 million additional must be paid into the fund each year to keep the fund sound. For this reason the bill provides that the payroll payments of both employers and employees will be increased from the present rate of 2¼ to 2½ percent in 1959 up to a total salary of \$4,800. It is estimated that the self-employed rate will increase from 3% to 3¾ percent in 1959.

The bill makes an important change in that part of the Social Security Act which provides for Federal contributions to the

States to make payments for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled. This bill embodies the so-called variable grants provision. It means that a part of the Federal appropriation for these purposes will be distributed to the States upon the basis of per capita income. It is designed to help the poorer States, and to bring benefit payments to the aged, dependent children, blind, and the disabled in the poorer States, to a level more nearly equal to those paid in the richer States of the Union. For Kentucky, it is estimated, that because of this new provision, average payments for old-age assistance would increase \$5.87 per month, for dependent children \$2.82 per month, for the blind \$6.67 a month, and to the totally disabled, \$5.33 per month. These are not large sums, but they will be of help. I was glad to see this new formula, to help the lower income States, adopted. In 1947, when I was first a Member of the Senate, I introduced a bill for this purpose. I am glad that the principles of my bill, introduced 11 years ago, will finally be adopted by the Senate of the United States.

I know this is a brief summary of the bill and I have not attempted to cover all of the changes that it makes. I am attaching a statement which summarizes many of the provisions. I believe that it will be of help to the millions of our workers who pay, with their employers, into the social-security system. And I know that the increase in monthly payments to the aged, to the blind, to the disabled, and to dependent children, will be of help. These benefits will cost employers and employees, and our taxpayers generally, an increase in their payments. But I believe we all agree that it is a responsibility of those who are working, who are healthy and physically fit, to make contributions for the welfare of the aged, the sick, the disabled, the blind, and those dependent upon them.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Without objection, it is so ordered.

Mr. HILL. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD, Senate Joint Resolution 199, which I introduced on August 13 last.

There being no objection, the resolution (S. J. Res. 199) to establish in the Department of Health, Education, and Welfare the National Advisory Council for International Medical Research, and to establish in the Public Health Service the National Institute for International Medical Research, in order to help mobilize the efforts of medical scientists, research workers, technologists, teachers, and members of the health professions generally, in the United States and abroad, for assault upon disease, disability and the impairments of man and for the improvement of the health of man through international cooperation in research, research training, and research planning, introduced by Mr. HILL on August 13, 1958, and referred to the Committee on Labor and Public Wel-

fare, was ordered to be printed in the RECORD, as follows:

Whereas it is recognized that disease and disability are the common enemies of all nations and peoples, and that the means, methods, and techniques for combating and abating the ravages of disease and disability and for improving the health and health standards of man should be sought and shared, without regard to national boundaries and divisions; and

Whereas advances in combating and abating disease and in the positive promotion of human health can be stimulated by supporting and encouraging cooperation among scientists, research workers, and teachers on an international basis, with consequent benefit to the health of our people and of all peoples; and

Whereas there already exist tested means for international cooperation in matters relating to health, including the World Health Organization, the Pan American Sanitary Bureau, and the United Nations International Children's Fund (UNICEF), with which the United States is identified and associated, and it is highly desirable that the United States establish domestic machinery for the maximum mobilization of its health research resources, and more efficiently to cooperate with and support the research, research-training, and research-planning endeavors of such international organizations: Therefore be it

Resolved, etc., That this joint resolution does establish the domestic machinery for such maximum mobilization of its health research resources, the more efficiently to cooperate with and support the research, research-training, and research-planning endeavors of the international organizations.

SEC. 2. The purpose of this joint resolution is:

(1) To encourage and support on an international basis studies, investigations, experiments, and research, including the conduct and planning thereof, relating to:

(A) The causes, diagnosis, treatment, control, and prevention of physical and mental diseases and other killing and crippling impairments of man.

(B) The rehabilitation of the physically handicapped, including the development and use of appliances for the mitigation of the handicaps of such individuals.

(C) The origin, nature, and solution of health problems not identifiable in terms of disease entities.

(D) Broad fields of science, including the natural and social sciences, important to or underlying disease and health problems.

(2) To encourage and support the rapid international interchange of knowledge and information concerning developments in those branches of science pertaining directly or indirectly to the prevention, diagnosis, treatment, or mitigation of disease and disability and other health and rehabilitation problems.

(3) To encourage and support, on an international basis, the training of personnel in research and research training through interchange of scientists, research workers, research fellows, technicians, experts, and teachers in research specialties not otherwise or generally provided for in the programs authorized by section 32 of the Surplus Property Act of 1944, as amended, and the United States Information and Educational Exchange Act of 1948, as amended.

(4) To encourage and cooperate with research programs undertaken by the World Health Organization and other international bodies engaged in, or concerned with, international endeavors in the health sciences, and to support such programs in cases in which such international organizations can more effectively carry out activities authorized by this joint resolution.

(5) To advance the status of the health sciences in the United States, the health

standards of the American people, and those of other countries and peoples, by cooperative endeavors with the scientists, research workers, technicians, experts, teachers, and practitioners of those countries in research and research training.

(6) To help mobilize the health sciences in the United States as a force for peace, progress, and good will among the various peoples and nations of the world.

SEC. 3. (a) The Secretary of Health, Education, and Welfare (hereinafter referred to in this joint resolution as the "Secretary") is authorized and directed to carry out the purposes of this joint resolution in conformity with its provisions.

(b) The Secretary may utilize, for the performance of his duties authorized by this joint resolution, the Public Health Service, including the National Institute for International Medical Research established by this joint resolution and the other National Institutes of Health, and, where appropriate, the Office of Vocational Rehabilitation, the Children's Bureau, and such other agencies and offices in the Department as he may deem desirable to carry out the functions authorized herein.

(c) The duties and functions hereby authorized shall be carried out in consultation and cooperation with the National Advisory Council for International Health Research established by this joint resolution.

SEC. 4. There is hereby established, in the Public Health Service, as a part of the National Institutes of Health, the National Institute for International Medical Research. This Institute, in cooperation with the other National Institutes, shall carry out such major duties and functions of operation and administration in connection with this joint resolution, as may be assigned by the Surgeon General, including the support of research and research training through grants, contracts and cooperative activities and the direct conduct of research in facilities outside the United States.

SEC. 5. (a) There is hereby established, in the Department of Health, Education, and Welfare, the National Advisory Council for International Medical Research (hereinafter referred to in this joint resolution as the "Council"), to advise, consult with, and make recommendations to the Secretary or the Surgeon General or the Director of the Office of Vocational Rehabilitation, or such other officers of the Department as may be appropriate, on matters relating to the purposes and programs authorized by this joint resolution. The internal procedures of the Council shall be governed by rules and regulations adopted by the Council and approved by the Secretary.

(b) The Council shall receive reports on and review all research and research-training projects or programs undertaken, or proposed to be undertaken, pursuant to this joint resolution, and no grant, contract, or loan for any such research project or program shall be approved by the Surgeon General, the Director of the Office of Vocational Rehabilitation, or the Secretary except after review and recommendation by the Council.

(c) The Council shall consist of the Surgeon General of the Public Health Service, who shall be Chairman, a duly designated representative of the Secretary of State, and 16 members appointed by the Secretary without regard to civil service laws. The Director of Vocational Rehabilitation shall be a member ex officio. The Secretary may appoint additional ex officio members on either a permanent or temporary basis, as desirable, but the number of such additional ex officio members shall not be greater than two at any one time. The 16 appointed members shall be leaders in the fields of medical research, teaching and training, medical or biological science, rehabilitation, education, or public and international affairs. Eight of the sixteen shall be selected from among leading experts and authorities in the fields

with which this joint resolution is concerned, with special emphasis on association with research and research training.

(d) Each appointed member of the Council shall hold office for a term of 4 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed either for the balance of that term, or for a full 4-year term at the discretion of the Chairman, and

(2) the terms of the members first taking office after September 30, 1958, shall expire as follows: 4 shall expire 4 years after such date; 4 shall expire 3 years after such date; 4 shall expire 2 years after such date; and 4 shall expire 1 year after such date, as designated by the Secretary at the time of appointment. None of the 16 appointed members shall be eligible for reappointment until a year elapses since the end of his preceding term.

(e) Members of the Council, other than ex officio members and members who are officers or full-time employees of the Government, while attending conferences or meetings of their respective council or committees thereof, or while otherwise engaged in the work of the Council or of the committees thereof, upon the specific authorization of the Chairman of the Council or the Secretary, shall be entitled to receive compensation at a rate to be fixed by the Secretary, but not exceeding \$50 per diem, and shall also be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their places of residence. This authorization for compensation and expenses shall also extend to consultants and members of special field or other committees engaged or established pursuant to section 6 of this joint resolution.

(f) The Council shall meet at the call of the Chairman or on the request of a third of its membership, but in no event less than three times during the year.

(g) Provision shall be made by the Secretary, through the Surgeon General, for coordination of the work of and consultation between the Council and the National Advisory Health Council, and the national advisory councils of the National Institutes of Health, and through the Director of Vocational Rehabilitation, the National Advisory Council on Vocational Rehabilitation, with respect to matters bearing on the purposes and administration of this joint resolution.

SEC. 6. The Secretary is authorized to secure, from time to time, and for such periods as he deems advisable, the assistance and advice of consultants who are technicians, experts, scholars, or otherwise especially qualified in fields related to research, research training, or research planning, from the United States or abroad. These experts, individually or in groups, shall advise the Secretary or the Surgeon General or the Director of Vocational Rehabilitation, or the Council, on such matters as are appropriate.

SEC. 7. The Secretary is hereby authorized to engage in the following activities:

(1) Encourage and support research, investigations, and experiments by individuals, universities, hospitals, laboratories, or other public or private agencies or institutions, in countries other than the United States, relating to the cause, prevention, and methods of diagnosis and treatment of physical and mental diseases and impairments of man, referred to in paragraph (1) of section 2, by means of: the direct conduct of research in countries other than the United States, financial grants, contracts, grants or loans of equipment, and grants or loans of medical, biological, physical, or chemical substances or standards where required for research or research training, and furnishing expert personnel from the United States (including the payment of travel and subsistence for such

experts when away from their places of residence).

(2) Encourage and support research, investigations, and experiments conducted in countries other than the United States, related to the rehabilitation of the physically handicapped, by the means referred to in paragraph 2 hereof.

(3) Encourage and support the coordination of experiments and programs of research conducted in the United States with related programs conducted abroad, by facilitating the interchange of research scientists and experts between the United States and foreign countries who are engaged in such experiments and programs of research, including the payment of per diem compensation, subsistence, and travel for such scientists and experts when away from their places of residence, as provided for consultants in section 5 (e) hereof.

(4) Make grants for the improvement or alteration of facilities needed for medical research and research training, including the provision of equipment for research and training purposes.

(5) Establish and maintain research fellowships within the National Institutes of Health and elsewhere with such allowances (including travel and subsistence expenses) as may be deemed necessary to train United States research workers, research teachers, technicians, and experts in the laboratories of other countries, and to procure the assistance of talented research fellows from abroad, and, in addition, to provide for such fellowships and other research training through grants, upon recommendation of the Council, to public and other nonprofit institutions. This program of fellowships and grants shall not duplicate or replace the programs authorized under section 32 of the Surplus Property Act of 1944, as amended, and the United States Information and Educational Exchange Act of 1948, as amended.

(6) Encourage and support broad surveys of the incidence of the major diseases endemic in various parts of the world and initiate comprehensive plans for their eradication or mitigation through cooperative programs of research and research training in regard to these diseases, including research in pertinent phases of the science of public health.

(7) Support and encourage international communication in the medical and biological sciences, international scientific meetings, conferences, translation services and publications, including provision for travel funds to permit participation in such conferences.

SEC. 8. The Secretary shall keep the Secretary of State fully informed concerning the projects and programs undertaken pursuant to this joint resolution, and shall solicit and secure from him policy guidance with regard to such projects, programs, or other activities proposed to be undertaken under this joint resolution. No project, program, or activity shall be undertaken which is contrary to or inconsistent with such policy guidance.

SEC. 9. Programs authorized by this joint resolution shall not unnecessarily duplicate those undertaken by other departments and agencies of the Government pursuant to law, and the Secretary shall take proper precaution to this end. Nothing contained in this joint resolution shall be applied or construed to diminish the authority or responsibility of other departments and agencies in the field of international cooperation in medical or other scientific endeavors.

SEC. 10. The activities authorized herein shall not extend to the support of public health nor other programs of an operational nature as contrasted with research, nor shall any of the grants herein authorized include grants for the improvement or extension of public health administration in other countries except for necessary research in the

science of public health and public health administration.

SEC. 11. The Secretary shall prepare an annual report, which shall include a report from the Council, and submit it to the President, for transmittal to the Congress, summarizing the activities under this joint resolution, and making such recommendations as he, and the Council, may deem appropriate.

SEC. 12. The Secretary, or the Surgeon General, or the Director of Vocational Rehabilitation, is authorized to use the services of any member, or members of the Council, and where appropriate, any member or members of the other several national advisory councils, or study sections, or committees advisory thereto of the Public Health Service, or of the Office of Vocational Rehabilitation, in connection with matters related to the administration of this joint resolution, for such periods as may be determined necessary.

SEC. 13. Any alien whom the Secretary deems it desirable to come to the United States under the terms of paragraphs (4) and (7) of section 7 of this joint resolution, who is otherwise excluded from admission into the United States by the provisions of section 212 of the Immigration and Nationality Act, may, upon certification by the Secretary, upon recommendation of the Surgeon General or the Director of Vocational Rehabilitation, as may be appropriate, be paroled into the United States by the Attorney General pursuant to the authority contained in section 212 (d) (5) of such act.

SEC. 14. There is hereby authorized to be appropriated the sum of \$50 million annually, to carry out the provisions of this joint resolution. Such amount is to be apportioned as the Congress may direct to the office of the Secretary, the Public Health Service (including the National Institute for International Health and Medical Research), the Office of Vocational Rehabilitation, and other agencies in the Department of Health, Education, and Welfare as appropriate.

The PRESIDING OFFICER. House bill 13549 having been read the third time, the question now is, Shall it pass?

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CURTIS (when his name was called). I have a pair with the distinguished senior Senator from Ohio [Mr. BRICKER]. If the Senator from Ohio [Mr. BRICKER] were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Florida [Mr. HOLLAND], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that, if present and voting, the Senator from Delaware [Mr. FREAR], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Florida [Mr. HOLLAND], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Georgia [Mr. TALMADGE] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. FLANDERS] is absent because of illness in his family.

The Senator from West Virginia [Mr. HOBLITZELL] is absent because of death in his family.

The Senator from New York [Mr. JAVITS] is absent, by leave of the Senate, to attend the NATO Parliamentary Conference in London, as chairman of the Economic Section of the General Affairs Committee.

The Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senators from Indiana [Mr. CAPEHART and Mr. JENNER], and the Senator from Maine [Mr. PAYNE] are necessarily absent.

The Senator from Kansas [Mr. SCHOEPPLE] is detained on official business.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from West Virginia [Mr. HOBLITZELL], the Senator from New York [Mr. JAVITS], and the Senator from Maine [Mr. PAYNE] would each vote "yea."

The pair of the Senator from Ohio [Mr. BRICKER] has previously been announced.

The result was announced—yeas 79, nays 0, as follows:

YEAS—79

Aiken	Hayden	Morse
Allott	Hennings	Morton
Anderson	Hickenlooper	Mundt
Barrett	Hill	Neuberger
Beall	Hruska	Pastore
Bennett	Humphrey	Potter
Bible	Ives	Proxmire
Bridges	Jackson	Purtell
Bush	Johnson, Tex.	Revercomb
Carlson	Johnston, S. C.	Robertson
Carroll	Jordan	Russell
Case, N. J.	Kefauver	Saltonstall
Case, S. Dak.	Kennedy	Smathers
Chavez	Kerr	Smith, Maine
Church	Knowland	Smith, N. J.
Clark	Kuchel	Sparkman
Cooper	Langer	Stennis
Cotton	Lausche	Symington
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Dworshak	Maione	Watkins
Eastland	Mansfield	Wiley
Ellender	Martin, Iowa	Williams
Ervin	Martin, Pa.	Yarborough
Goldwater	McClellan	Young
Gore	McNamara	
Green	Monroney	

NAYS—0

NOT VOTING—17

Bricker	Frear	Murray
Butler	Fulbright	O'Mahoney
Byrd	Hoblitzell	Payne
Capehart	Holland	Schoeppel
Curtis	Javits	Talmadge
Flanders	Jenner	

So the bill (H. R. 13549) was passed.

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, I ask unanimous consent that the bill H. R. 13549, which has just been passed, be

printed as it passed the Senate, with the Senate amendments numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. I move that the Senate insist upon its amendments, ask for a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. MARTIN of Pennsylvania, Mr. WILLIAMS, and Mr. FLANDERS conferees on the part of the Senate.

PRODUCTION AND CONSERVATION OF COAL—MOTION TO RECONSIDER

Mr. KERR. Mr. President, I enter a motion that the vote by which the bill (S. 4248) to encourage and stimulate the production and conservation of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes, was passed earlier in the day be reconsidered.

The PRESIDING OFFICER. The motion will be entered.

CHIYOKO YOSHIMOTO

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2406, Senate bill 3915.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3915) for the relief of Chiyoko Yoshimoto.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

THE SOCIAL SECURITY BILL

Mr. JOHNSON of Texas. Mr. President, I want to commend the very able senior Senator from Oklahoma [Mr. KERR] for his diligence and his dedication and the masterful manner in which he handled this most complex bill. He and the Senator from New Mexico [Mr. ANDERSON] have piloted through one of the most important pieces of legislation this Congress will pass. It affects the lives and the futures of millions of our citizens.

I have known for a long time that the people of this country—the average citizen—had no better friends than the able Senator from Oklahoma [Mr. KERR] and his associate, my friend from New Mexico [Mr. ANDERSON]. But I would not do my duty as I see it if I let this opportunity pass without telling them I am grateful for their untiring efforts, the long hours they spent in connection with this bill and their work with the Senator from Illinois [Mr. DOUGLAS], who offered meritorious amendments which perhaps should have been in the bill, and perhaps will be some day. In

legislation I am a patient man. I realize that we must proceed a step at a time and that progress rarely comes in one leap.

I want also to thank the members of the minority on the committee, who contributed to bringing about the unanimous result that obtained tonight. I think it is a credit to the Senate, and certainly to the Finance Committee.

That committee has carried one of the heaviest burdens of work that any committee of the Congress has. It has carried it efficiently, and it is deserving of the statement, "A job well done."

I want to commend and applaud each member of the committee, both on the majority and minority sides, for the results which have been obtained. Under the leadership of the Senator from Virginia [Mr. BYRD], with the cooperation of the Senator from Oklahoma [Mr. KERR], the Senator from Delaware [Mr. FREAR], the Senator from Louisiana [Mr. LONG], the Senator from Florida [Mr. SMATHERS], the Senator from New Mexico [Mr. ANDERSON], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. CORE], this committee has carried a heavy load with honor and distinction. The members deserve the thanks of the country.

Mr. KERR. Mr. President, I am very grateful to the distinguished majority leader for his kind remarks. I want to say the bill was brought to the Senate by the Finance Committee in its entirety. That could not have been done without the cooperation of its distinguished chairman [Mr. BYRD] and every member of the committee on both sides of the aisle.

There was not complete agreement in the committee as to all provisions in the bill, but there was complete agreement that we would work together and bring out of the committee the best bill we could, and it was brought out by the membership of the entire committee.

I want to observe, with deep regret, that our distinguished chairman [Mr. BYRD] is not present. As many of us know, he has been needed at the bedside of his fine wife, who has been seriously ill within the last few days. He has attended the Senate in spite of that fact, and his absence at this time was caused only by reason of that fact.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. KEFAUVER. I wish to join in congratulating the Senator from Oklahoma and the Senator from New Mexico and other Senators who, through their foresight, brought to the Senate the social security bill and got it passed. We all appreciate the fact that it provides only for a minimum increase in social security benefits. Much more might have been done, especially in view of conditions in the country.

I think the Senator from Oklahoma has exhibited real statesmanship in getting a bill passed which at least provided for moderate increases in benefits. I commend him and his associates who joined him in his efforts.

Mr. JOHNSON of Texas. Mr. President, we have some bills which have

been cleared on both sides of the aisle, which are noncontroversial. We do not expect any yeas and nays tonight. We expect the Senate to meet at 10 o'clock Monday morning. We will have a call of the calendar. Then we will take up certain bills upon motion. I believe there will be some yeas and nays Monday, although I am not certain.

The purpose of the bill before us now is to enable the fiancée of a United States citizen serviceman to enter the United States so that she may marry her citizen fiancé and thereafter reside in the United States.

The beneficiary of the bill is a 24-year-old native and citizen of Japan who presently resides in that country. She is engaged to marry Lt. Theodore T. Oyler, Jr., a United States citizen. Lieutenant Oyler became engaged to the beneficiary while stationed in Japan. Lieutenant Oyler has recently returned to the United States and could not complete arrangements for the marriage prior to the time he departed from Japan.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3915) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in the administration of the Immigration and Nationality Act, Chiyoko Yoshimoto, the fiancée of Theodore T. Oyler, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of 3 months: Provided, That the administrative authorities find that the said Chiyoko Yoshimoto is coming to the United States with a bona fide intention of being married to the said Theodore T. Oyler and that she is found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within 3 months after the entry of the said Chiyoko Yoshimoto, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within 3 months after the entry of the said Chiyoko Yoshimoto, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Chiyoko Yoshimoto as of the date of the payment by her of the required visa fee.

MAINTENANCE OF EXISTING MINIMUM POSTAGE RATES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2368, S. 4191.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 4191) to maintain existing minimum postage rates on certain publications mailed in the county of publication.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill

(S. 4191) to maintain existing minimum postage rates on certain publications mailed in the county of publication, which had been reported from the Committee on Post Office and Civil Service, with an amendment, to strike out all after the enacting clause and insert:

That section 2(c) of the act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 289a), as amended by the act of May 27, 1958 (72 Stat. 139; Public Law 85-426), is amended by inserting after the words "this section" the following: ", and on each individually addressed copy of a publication of the second class addressed for delivery within the county of publication and not entitled to the free-in-county mailing privilege."

Mr. JOHNSON of Texas. Mr. President, the purpose of the bill is to prevent an increase in the existing minimum per copy postage charge of one-eighth cent on publications mailed for delivery within the county of publication but which are not entitled to the free-in-county privilege.

I ask unanimous consent to have an explanation of the bill printed in the RECORD at this point.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

Under law, in existence prior to enactment of the Postal Rate Increase Act, 1958, the minimum postage rate for the publications concerned was one-eighth of 1 cent per copy.

H. R. 5836, as passed in the House, did not change the existing rate. The bill, as amended, and passed in the Senate, provided for an increase of from one-eighth of 1 cent to one-fourth of 1 cent, three-eighths of 1 cent, and one-half of 1 cent in 3 successive annual increments starting January 1, 1959.

The committee of conference on the disagreeing votes of the two Houses on H. R. 5836 considered both second- and third-class rates on an overall package basis but did not discuss or agree upon the rate herein involved as a specific item. While the language of the bill as enacted is that which appeared in the Senate version and thus requires that the rate be increased the statement of the managers on the part of the House clearly states that no increase will apply. S. 4191 is designed to carry out the view expressed in the House report.

Mr. JOHNSON of Texas. Mr. President, the distinguished Senator from Oklahoma [Mr. MONRONEY] asked that the bill be considered. I should like to ask the Senator from Oklahoma to make a statement.

Mr. MONRONEY. Mr. President, is the Senate considering Calendar No. 2451?

The PRESIDING OFFICER. Calendar No. 2368, S. 4191, is presently under consideration.

Mr. MONRONEY. Mr. President, the bill would merely correct an error which was made at the time the postal rate bill was passed, with respect to the effect on county papers mailed in the county of their publication. There has been assurance from the Committee on Post Office and Civil Service and from the conference committee in this regard. The bill merely would correct an inadvertent error in the draftsmanship and would enact into law what the Senate and House understood was to be en-

acted at the time the conference report was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill (S. 4191) was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill to maintain existing minimum postage rates on certain publications mailed for delivery within the county of publication."

MONROE WOOLLEY

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2408, H. R. 8688.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 8688) for the relief of Monroe Woolley.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8688) for the relief of Monroe Woolley.

Mr. JOHNSON of Texas. Mr. President, the purpose of the bill is to authorize and direct the Secretary of the Treasury to pay the sum of \$500 to Monroe Woolley, of Crockett, Tex., in full settlement of all his claims against the United States for damage resulting from a fire set by the United States Forest Service, Department of Agriculture, on February 27, 1956.

I ask unanimous consent to have printed in the RECORD at this point a statement with reference to the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Records of the Department of Agriculture disclose that on February 26, 1956, employees of the United States Forest Service started fires on land adjoining the property of Monroe Woolley. After those fires were started, the wind shifted and the fire spread to the Woolley property. The fire burned over a tract of land belonging to Mr. Woolley which was made up of 15 acres of pastureland and 35 acres of timberland.

A claim for damages in the amount of \$500 arising from the incident was initially filed with the Forest Service on March 30, 1956, and upon determination that there was insufficient evidence of negligence to support allowances under the Federal Tort Claims Act (28 U. S. C. 2671-2680), it was considered under the act of May 27, 1930 (46 Stat. 387). This act authorizes reimbursement not to exceed \$500 to an owner of private property for damages thereof caused by employees of the United States in connection with the protection, administration, or improvement of the national forests without negligence on the part of such employees.

The Forest Service conducted an investigation to determine what actual damages had been sustained on the claimant's property by reason of fire. It was concluded that the damages to the fence, pasture, and woodland totaled \$47.60 as shown by the enclosed appraisal. Accordingly, Mr. Woolley's claim was approved in that amount and

voucher was forwarded to him for execution. Mr. Woolley declined to accept settlement in the amount of \$47.60.

Affidavits made by persons from the area of the fire who are familiar with the matter have been filed with the committee. These fix the approximate value of the damage to the timberland at amounts between \$110 and \$130. The damage to the improved pastureland was set at \$150, and the damage to the fence was fixed at \$240. The figure for damage to the fence included the cost of replacing the posts, the wire, and labor and cost of hauling materials to the site. In the light of the circumstances, the committee has concluded that the amount stated in the bill is a fair amount.

This committee has further determined that the relief provided for in H. R. 8688 should be extended to Mr. Woolley. Clearly the damage he suffered resulted from the actions of the employees of the United States in starting a fire which spread to his land. Under these circumstances it is only right that provision be made for the United States to pay him for the damage he suffered. Accordingly, the committee recommends that the bill be considered favorably.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 8688) was ordered to a third reading, read the third time, and passed.

NATIONAL JUNIOR ACHIEVEMENT WEEK

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2456, Senate Joint Resolution 89.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (S. J. Res. 89) to authorize and request the President to proclaim 1 week each year as National Junior Achievement Week.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (S. J. Res. 89) to authorize and request the President to proclaim 1 week each year as National Junior Achievement Week, which had been reported from the Committee on the Judiciary, with an amendment, on page 2, line 4, after the word "year", where it appears the second time, to strike out "1958" and insert "1959", so as to make the joint resolution read:

Resolved, etc., That the President is authorized and requested to issue each year, beginning with the year 1959, a proclamation designating 1 week, during the period commencing on the first day of January and ending on the last day of February, as National Junior Achievement Week, and urging all citizens of our country to salute the activities of Junior Achievers and their volunteer adult advisers through appropriate ceremonies.

Mr. JOHNSON of Texas. Mr. President, the purpose of the resolution is to authorize and request the President of the United States to issue each year, beginning with 1958, a proclamation designating 1 week during the period com-

85TH CONGRESS
2D SESSION

H. R. 13549

IN THE SENATE OF THE UNITED STATES

AUGUST 16, 1958

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Social Security Amend-
4 ments of 1958".

1 TITLE I—INCREASE IN BENEFITS UNDER TITLE
2 II OF THE SOCIAL SECURITY ACT

3 INCREASE IN BENEFIT AMOUNTS

4 Primary Insurance Amount

5 SEC. 101. (a) Subsection (a) of section 215 of the
6 Social Security Act is amended to read as follows:

7 “Primary Insurance Amount

8 “(a) Subject to the conditions specified in subsections
9 (b), (c), and (d) of this section, the primary insurance
10 amount of an insured individual shall be whichever of the
11 following is the largest:

12 “(1) The amount in column IV on the line on
13 which in column III of the following table appears his
14 average monthly wage (as determined under subsection
15 (b)) ;

16 “(2) The amount in column IV on the line on
17 which in column II of the following table appears his
18 primary insurance amount (as determined under sub-
19 section (c)) ;

20 “(3) The amount in column IV on the line on
21 which in column I of the following table appears his
22 primary insurance benefit (as determined under sub-
23 section (d)) ; or

24 “(4) In the case of an individual who was entitled
25 to a disability insurance benefit for the month before the

- 1 month in which he became entitled to old-age insurance
 2 benefits or died, the amount in column IV which is equal
 3 to his disability insurance benefit.

(1) "TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10. 00		\$30. 00		\$54	\$33	\$53. 00
"\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	104. 00
29. 26	29. 68	65. 00	65. 80	133	136	70	107. 60
29. 69	30. 36	65. 90	66. 80	137	141	71	111. 20
30. 37	30. 92	66. 90	67. 70	142	146	72	115. 20
30. 93	31. 52	67. 80	68. 70	147	151	73	119. 20
31. 53	32. 00	68. 80	69. 60	152	155	74	122. 80
32. 01	32. 60	69. 70	70. 50	156	160	75	126. 40
32. 61	33. 40	70. 60	71. 50	161	165	76	130. 40
33. 41	33. 88	71. 60	72. 40	166	169	77	134. 00
33. 89	34. 50	72. 50	73. 30	170	174	78	137. 60
34. 51	35. 20	73. 40	74. 30	175	179	79	141. 60
35. 21	35. 80	74. 40	75. 20	180	183	80	145. 20
35. 81	36. 40	75. 30	76. 10	184	188	81	148. 80
36. 41	37. 08	76. 20	77. 10	189	193	82	152. 80
37. 09	37. 60	77. 20	78. 00	194	197	83	156. 40
37. 61	38. 20	78. 10	78. 90	198	202	84	160. 00
38. 21	39. 12	79. 00	79. 90	203	207	85	164. 00
39. 13	39. 68	80. 00	80. 80	208	211	86	167. 60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I "(Primary insurance benefit under 1939 Act, as modified)"		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—"		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—"	But not more than—	At least—	But not more than—	At least—	But not more than—		
"\$39. 69	\$40. 33	\$80. 90	\$81. 70	\$212	\$216	\$87	\$171. 20
40. 34	41. 12	81. 80	82. 70	217	221	88	175. 20
41. 13	41. 76	82. 80	83. 60	222	225	89	178. 80
41. 77	42. 44	83. 70	84. 50	226	230	90	182. 40
42. 45	43. 20	84. 60	85. 50	231	235	91	186. 40
43. 21	43. 76	85. 60	86. 40	236	239	92	190. 00
43. 77	44. 44	86. 50	87. 30	240	244	93	193. 60
44. 45	44. 88	87. 40	88. 30	245	249	94	197. 60
44. 89	45. 60	88. 40	89. 20	250	253	95	201. 20
		89. 30	90. 10	254	258	96	204. 80
		90. 20	91. 10	259	263	97	208. 80
		91. 20	92. 00	264	267	98	212. 40
		92. 10	92. 90	268	272	99	216. 00
		93. 00	93. 90	273	277	100	220. 00
		94. 00	94. 80	278	281	101	223. 60
		94. 90	95. 80	282	286	102	227. 20
		95. 90	96. 70	287	291	103	231. 20
		96. 80	97. 60	292	295	104	234. 80
		97. 70	98. 60	296	300	105	238. 40
		98. 70	99. 50	301	305	106	242. 40
		99. 60	100. 40	306	309	107	246. 00
		100. 50	101. 40	310	314	108	249. 60
		101. 50	102. 30	315	319	109	253. 60
		102. 40	103. 20	320	323	110	254. 00
		103. 30	104. 20	324	328	111	254. 00
		104. 30	105. 10	329	333	112	254. 00
		105. 20	106. 00	334	337	113	254. 00
		106. 10	107. 00	338	342	114	254. 00
		107. 10	107. 90	343	347	115	254. 00
		108. 00	108. 50	348	351	116	254. 00
				352	356	117	254. 00
				357	361	118	254. 00
				362	365	119	254. 00
				366	370	120	254. 00
				371	375	121	254. 00
				376	379	122	254. 00
				380	384	123	254. 00
				385	389	124	254. 00
				390	393	125	254. 00
				394	398	126	254. 00
				399	400	127	254. 00"

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I "(Primary insurance benefit under 1939 Act, as modified)"		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
-----	\$10. 00	-----	\$30. 00	-----	\$54	\$33	\$53. 00
"\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	105. 60
29. 26	29. 68	65. 00	65. 80	133	136	70	108. 80
29. 69	30. 36	65. 90	66. 80	137	141	71	112. 80
30. 37	30. 92	66. 90	67. 70	142	146	72	116. 80
30. 93	31. 36	67. 80	68. 60	147	150	73	120. 00
31. 37	32. 00	68. 70	69. 60	151	155	74	124. 00
32. 01	32. 60	69. 70	70. 50	156	160	75	128. 00
32. 61	33. 20	70. 60	71. 40	161	164	76	131. 20
33. 21	33. 88	71. 50	72. 40	165	169	77	135. 20
33. 89	34. 50	72. 50	73. 30	170	174	78	139. 20
34. 51	35. 00	73. 40	74. 20	175	178	79	142. 40
35. 01	35. 80	74. 30	75. 20	179	183	80	146. 40
35. 81	36. 40	75. 30	76. 10	184	188	81	150. 40
36. 41	37. 08	76. 20	77. 10	189	193	82	154. 40
37. 09	37. 60	77. 20	78. 00	194	197	83	157. 70

1 (2) Such section 215 (b) is further amended by adding
2 at the end thereof the following paragraph:

3 “(5) The provisions of this subsection shall be appli-
4 cable only in the case of an individual with respect to whom
5 not less than six of the quarters elapsing after 1950 are
6 quarters of coverage, and—

7 “(A) who becomes entitled to benefits under sec-
8 tion 202 (a) or section 223 after ~~(3)~~the second month
9 following the month in which the Social Security
10 Amendment of 1958 are enacted, *December 1958*, or

11 “(B) who dies after such ~~(4)~~second month with-
12 out being entitled to benefits under such section 202
13 (a) or section 223, or

14 “(C) who files an application for a recomputation
15 under section 215 (f) (2) (A) after such ~~(5)~~second
16 month and is (or would, but for the provisions of sec-
17 tion 215 (f) (6), be) entitled to have his primary in-
18 surance amount recomputed under such section, or

19 “(D) who dies after ~~(6)~~second month and whose
20 survivors are (or would, but for the provisions of section
21 215 (f) (6), be) entitled to a recomputation of his
22 primary insurance amount under section 215 (f)
23 ~~(7)(4).~~” (4); or

24 ~~(8)~~“(E) who files an application for a recomputation
25 under subparagraph (B) of section 102 (f) (2) of the

1 *Social Security Amendments of 1954 after such month*
 2 *and is (or would, but for the fact that such recomputa-*
 3 *tion would not result in a higher primary insurance*
 4 *amount for such individual, be) entitled to have his*
 5 *primary insurance amount recomputed under such sub-*
 6 *paragraph.”*

7 Primary Insurance Amount Under 1954 Act

8 (c) Section 215 (c) of such Act is amended to read
 9 as follows:

10 “Primary Insurance Amount Under 1954 Act

11 “(c) (1) For the purposes of column II of the table
 12 appearing in subsection (a) of this section, an individual’s
 13 primary insurance amount shall be computed as provided in,
 14 and subject to the limitations specified in, (A) this section
 15 as in effect prior to the enactment of the Social Security
 16 Amendments of 1958, and (B) the applicable provisions
 17 of the Social Security Amendments of 1954.

18 “(2) The provisions of this subsection shall be appli-
 19 cable only in the case of an individual ~~(9)who—~~

20 “(A) ~~(10)who~~ became entitled to benefits under
 21 section 202 (a) or section 223 ~~(11)prior to the third~~
 22 ~~month following the month in which the Social Security~~
 23 ~~Amendments of 1958 were enacted, or, or died prior to~~
 24 *January 1959, and*

25 “(B) ~~(12)died prior to such third month to whom~~

1 *the provisions of paragraph (5) of subsection (b) are not*
2 *applicable.”*

3 Primary Insurance Benefit Under 1939 Act

4 (d) Section 215 (d) of such Act is amended to read
5 as follows:

6 “Primary Insurance Benefit Under 1939 Act

7 “(d) (1) For the purposes of column I of the table
8 appearing in subsection (a) of this section, an individual’s
9 primary insurance benefit shall be computed as provided in
10 this title as in effect prior to the enactment of the Social
11 Security Act Amendments of 1950, except that—

12 “(A) In the computation of such benefit, such in-
13 dividual’s average monthly wage shall (in lieu of being
14 determined under section 209 (f) of such title as in
15 effect prior to the enactment of such amendments) be
16 determined as provided in subsection (b) of this section
17 (but without regard to paragraph (5) thereof), except
18 that his starting date shall be December 31, 1936.

19 “(B) For purposes of such computation, the date
20 he became entitled to old-age insurance benefits shall
21 be deemed to be the date he became entitled to pri-
22 mary insurance benefits.

23 “(C) The 1 per centum addition provided for in
24 section 209 (e) (2) of this Act as in effect prior to the
25 enactment of the Social Security Act Amendments of

1 1950 shall be applicable only with respect to calendar
2 years prior to 1951, except that any wages paid in any
3 year prior to such year any part of which was included
4 in a period of disability shall not be counted. Notwith-
5 standing the preceding sentence, the wages paid in the
6 year in which such period of disability began shall be
7 counted if the counting of such wages would result in a
8 higher primary insurance amount.

9 “(D) The provisions of subsection (e) shall be ap-
10 plicable to such computation.

11 “(2) The provisions of this subsection shall be appli-
12 cable only in the case of an individual—

13 “(A) with respect to whom at least one of the
14 quarters elapsing prior to 1951 is a quarter of coverage;

15 “(B) who meets the requirements of any of the
16 subparagraphs of paragraph (5) of subsection (b) of
17 this section; and

18 “(C) who attained age 22 after 1950 and with
19 respect to whom less than six of the quarters elapsing
20 after 1950 are quarters of coverage, or who attained
21 such age before 1951.”

22 Minimum Survivors or Dependents Benefit

23 (e) Section 202 (m) of the Social Security Act is
24 amended by striking out “\$30” wherever it occurs and

1 inserting in lieu thereof “the first figure in column IV of
2 the table in section 215 (a) ”.

3 Maximum Benefits

4 (f) Subsection (a) of section 203 of the Social Secu-
5 rity Act is amended to read as follows:

6 “Maximum Benefits

7 “(a) Whenever the total of monthly benefits to which
8 individuals are entitled under sections 202 and 223 for a
9 month on the basis of the wages and self-employment income
10 of an insured individual is greater than the amount appearing
11 in column V of the table in section 215 (a) on the line
12 on which appears in column IV such insured individual’s
13 primary insurance amount, such total of benefits shall be
14 reduced to such amount; except that—

15 “(1) when any of such individuals so entitled
16 would (but for the provisions of section 202 (k) (2)
17 (A)) be entitled to child’s insurance benefits on the
18 basis of the wages and self-employment income of one
19 or more other insured individuals, such total of benefits
20 shall not be reduced to less than the smaller of: (A)
21 the sum of the maximum amounts of benefits payable on
22 the basis of the wages and self-employment income of
23 all such insured individuals, or (B) the last figure in
24 column V of the table appearing in section 215 (a), or

1 “(2) when any of such individuals was entitled
 2 (without the application of section 202 (j) (1)
 3 (13)and section 223 (b)) to monthly benefits under
 4 section 202 or section 223 for (14)the second month
 5 following the month in which the Social Security
 6 Amendments of 1958 were enacted December 1958,
 7 and the primary insurance amount of the insured in-
 8 dividual on the basis of whose wages and self-employ-
 9 ment income such monthly benefits are payable is de-
 10 termined under the provisions of section 215 (a) (2),
 11 then such total benefits shall not be reduced to less than
 12 the larger of—

13 “(A) the amount determined under this sub-
 14 section without regard to this paragraph, or

15 “(B) the amount determined under this sub-
 16 section as in effect prior to the enactment of the
 17 Social Security Amendments of 1958 or the amount
 18 determined under section 102 (h) of the Social
 19 Security Amendments of 1954, as the case may be,
 20 plus the excess of—

21 “(i) the primary insurance amount of such
 22 insured individual in column IV of the table
 23 appearing in section 215 (a), over

24 “(ii) his primary insurance amount deter-
 25 mined under section 215 (c), or

“(3) when any of such individuals is entitled (without the application of section 202 (j) (1) ~~(15)~~ and section 223 (b)) to monthly benefits based on the wages and self-employment income of an insured individual with respect to whom a period of disability (as defined in section 216 (i)) began prior to ~~(16)~~ the third month following the month in which the Social Security Amendments of 1958 were enacted January 1959 and continued ~~(17)~~uninterruptedly until—

“(A) he became entitled to benefits under section 202 or 223, or

“(B) he died, which ever first occurred, and the primary insurance amount of such insured individual is determined under the provisions of section 215 (a) (1) or (3) and is not less than \$68, then such total of benefits shall not be reduced to less than the smaller of—

“(C) the last figure in column V of the table appearing in section 215 (a), or

“(D) the amount in column V of such table on the same line on which, in column IV, appears his primary insurance amount, plus the excess of—

“(i) such primary insurance amount, over

“(ii) the ~~(18)~~smallest smaller amount in

1 column II of the table on the line on which
 2 appears such primary insurance amount.

3 In any case in which benefits are reduced pursuant to the
 4 preceding provisions of this subsection, such reduction shall
 5 be made after any deductions under this section and after
 6 any deductions under section 222 (b). Whenever a reduc-
 7 tion is made under this subsection, each benefit, except the
 8 old-age or disability insurance benefit, shall be proportion-
 9 ately decreased."

10 Effective Date

11 (g) The amendments made by this section shall be
 12 applicable in the case of monthly benefits under title II of the
 13 Social Security Act, for months after ~~(19)the second month~~
 14 ~~following the month in which this Act is enacted~~ *December*
 15 *1958*, and in the case of the lump-sum death payments under
 16 such title, with respect to deaths occurring after such
 17 ~~(20)second month~~.

18 Primary Insurance Amount for Certain Disability Insurance

19 Beneficiaries

20 (h) If an individual was entitled to a disability insur-
 21 ance benefit under section 223 of the Social Security Act
 22 for ~~(21)the second month after the month in which this Act~~
 23 ~~is enacted~~ *December 1958*, and became entitled to old-age
 24 insurance benefits under section 202 (a) of such Act, or
 25 died, in ~~(22)the third month after the month in which this~~

1 ~~Act is enacted~~ *January 1959*, then, for purposes of para-
 2 graph (4) of section 215 (a) of the Social Security Act, as
 3 amended by this Act, the amount in column IV of the table
 4 appearing in such section 215 (a) for such individual shall
 5 be the amount in such column on the line on which in column
 6 II appears his primary insurance amount (as determined
 7 under subsection (c) of such section 215) instead of the
 8 amount in column IV equal to his disability insurance benefit.

9 Saving Provision

10 ~~(23)(i)~~ With respect to monthly benefits under title II of
 11 the Social Security Act payable pursuant to section 202
 12 ~~(j) (1)~~ of such Act for any month prior to the third month
 13 following the month of enactment of this Act, the primary
 14 insurance amount of the individual on the basis of whose
 15 wages and self-employment income such monthly benefits are
 16 payable shall be determined as though this Act had not been
 17 enacted; such primary insurance amount shall be such indi-
 18 vidual's primary insurance amount for purposes of section
 19 215 of such Act for months after the second month follow-
 20 ing the month in which this Act is enacted if it is larger
 21 than the primary insurance amount determined under section
 22 215 of the Social Security Act as amended by this Act, and
 23 shall be rounded to the next higher dollar if it is not a
 24 multiple of a dollar.

25 (i) *In the case of any individual to whom the provisions*

1 of subsection (b) (5) of section 215 of the Social Security
 2 Act, as amended by this Act, are applicable and on the basis
 3 of whose wages and self-employment income benefits are pay-
 4 able for months prior to January 1959, his primary insur-
 5 ance amount for purposes of benefits for such prior months
 6 shall, if based on an application for such benefits or for a
 7 recomputation of such amount, as the case may be, filed
 8 after December 1958, be determined under such section 215,
 9 as in effect prior to the enactment of this Act, and, if such
 10 individual's primary insurance amount as so determined is
 11 larger than the primary insurance amount determined for
 12 him under section 215 as amended by this Act, such larger
 13 primary insurance amount (increased to the next higher dol-
 14 lar if it is not a multiple of a dollar) shall, for months after
 15 December 1958, be his primary insurance amount for pur-
 16 poses of such section 215 (and of the other provisions) of
 17 the Social Security Act as amended by this Act in lieu of
 18 the amount determined without regard to this subsection.

19 INCREASE IN EARNINGS BASE FROM \$4,200 TO \$4,800

20 Definition of Wages

21 SEC. 102. (a) (1) Paragraph (2) of section 209 (a)
 22 of the Social Security Act is amended to read as follows:

23 “(2) That part of remuneration which, after re-
 24 muneration (other than remuneration referred to in the

1 succeeding subsections of this section) equal to \$4,200
2 with respect to employment has been paid to an in-
3 dividual during any calendar year after 1954 and prior
4 to 1959, is paid to such individual during such calendar
5 year;”.

6 (2) Section 209 (a) of such Act is further amended by
7 adding at the end thereof the following new paragraph:

8 “(3) That part of remuneration which, after re-
9 muneration (other than remuneration referred to in the
10 succeeding subsections of this section) equal to \$4,800
11 with respect to employment has been paid to an in-
12 dividual during any calendar year after 1958, is paid
13 to such individual during such calendar year;”.

14 Definition of Self-Employment Income

15 (b) Paragraph (1) of section 211 (b) of the Social
16 Security Act is amended to read as follows:

17 “(1) That part of the net earnings from self-
18 employment which is in excess of—

19 “(A) For any taxable year ending prior to
20 1955, (i) \$3,600, minus (ii) the amount of the
21 wages paid to such individual during the taxable
22 year; and

23 “(B) For any taxable year ending after 1954

1 and prior to 1959, (i) \$4,200, minus (ii) the
2 amount of the wages paid to such individual during
3 the taxable year; and

4 “(C) For any taxable year ending after 1958,
5 (i) \$4,800, minus (ii) the amount of the wages
6 paid to such individual during the taxable year; or”.

7 Definitions of Quarter and Quarter of Coverage

8 (c) Clauses (ii) and (iii) of section 213 (a) (2)
9 (B) of the Social Security Act are amended to read as
10 follows:

11 “(ii) if the wages paid to any individual in any
12 calendar year equal \$3,600 in the case of a calendar
13 year after 1950 and before 1955, or \$4,200 in the
14 case of a calendar year after 1954 and before 1959,
15 or \$4,800 in the case of a calendar year after 1958,
16 each quarter of such year shall (subject to clause
17 (i)) be a quarter of coverage;

18 “(iii) if an individual has self-employment in-
19 come for a taxable year, and if the sum of such
20 income and the wages paid to him during such year
21 equals \$3,600 in the case of a taxable year begin-
22 ning after 1950 and ending before 1955, or \$4,200
23 in the case of a taxable year ending after 1954
24 and before 1959, or \$4,800 in the case of a taxable

year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;”.

Average Monthly Wage

(d) (1) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

“(1) in computing an individual’s average monthly wage there shall not be counted the excess over \$3,600 in the case of any calendar year after 1950 and before 1955, the excess over \$4,200 in the case of any calendar year after 1954 and before 1959, and the excess over \$4,800 in the case of any calendar year after 1958, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212) ;”.

(2) Section 215 (e) of such Act is further amended by striking out “(d) (4)” each place it appears and inserting in lieu thereof “(d)”.

TITLE II—AMENDMENTS RELATING TO DISABILITY FREEZE AND DISABILITY INSURANCE BENEFITS

APPLICATION FOR DISABILITY DETERMINATION

SEC. 201. Section 216 (i) (2) of the Social Security

Act is amended—

1 (1) by striking out “while under a disability,” in
2 the second sentence and inserting in lieu thereof “while
3 under such disability,”; and

4 (2) by striking out “one-year” in clause (ii) of
5 subparagraph (A) and inserting in lieu thereof “eight-
6 een-month”.

7 RETROACTIVE PAYMENT OF DISABILITY INSURANCE

8 BENEFITS

9 SEC. 202. (a) Section 223 (b) of such Act is amended
10 by adding at the end thereof the following new sentence:
11 “An individual who would have been entitled to a disability
12 insurance benefit for any month after June 1957 had he
13 filed application therefor prior to the end of such month
14 shall be entitled to such benefit for such month if he files
15 application therefor prior to the end of the twelfth month
16 immediately succeeding such month.”

17 (b) The first sentence of section 223 (c) (3) of such
18 Act (defining the term “waiting period” for purposes of
19 applications for disability insurance benefits) is amended to
20 read as follows:

21 “(3) The term ‘waiting period’ means, in the case
22 of any application for disability insurance benefits, the
23 earliest period of six consecutive calendar months—

24 “(A) throughout which the individual who
25 files such application has been under a disability

1 which continues (24) without interruption until such
2 application is filed, and

3 “(B) (i) which begins not earlier than with
4 the first day of the eighteenth month before the
5 month in which such application is filed if such in-
6 dividual is insured for disability insurance benefits
7 in such eighteenth month, or (ii) if he is not so
8 insured in such month, which begins not earlier
9 than with the first day of the first month after such
10 eighteenth month in which he is so insured.”

11 RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY
12 DETERMINATION

13 SEC. 203. Paragraph (4) of section 216 (i) of such
14 Act is amended by striking out “July 1957” and inserting
15 in lieu thereof “July 1960”, by striking out “July 1958”
16 and inserting in lieu thereof “July 1961”, and by striking
17 out “, if such individual does not die prior to July 1, 1955,”.

18 INSURED STATUS REQUIREMENTS

19 Disability Freeze

20 SEC. 204. (a) Paragraph (3) of section 216 (i) of
21 such Act is amended to read as follows:

22 “(3) The requirements referred to in clauses (A) and
23 (B) of paragraphs (2) and (4) are satisfied by an individual
24 with respect to any quarter only if—

25 “(A) he would have been a fully insured in-

1 dividual (as defined in section 214) had he attained
 2 retirement age and filed application for benefits under
 3 section 202 (a) on the first day of such quarter; and

4 “(B) he had not less than twenty quarters of
 5 coverage during the forty-quarter period which ends
 6 with such quarter, not counting as part of such forty-
 7 quarter period any quarter any part of which was in-
 8 cluded in a prior period of disability unless such quarter
 9 was a quarter of ~~(25)coverage.~~” coverage;

10 *except that the provisions of subparagraph (A) of this para-*
 11 *graph shall not apply in the case of any individual with re-*
 12 *spect to whom a period of disability would, but for such sub-*
 13 *paragraph, begin prior to 1951.”*

14 Disability Insurance Benefits

15 (b) Section 223 (c) (1) (A) of such Act is amended
 16 by striking out “fully and currently insured” and inserting
 17 in lieu thereof “fully insured”.

18 BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE

19 BENEFICIARIES

20 Payments from Disability Insurance Trust Fund

21 SEC. 205. (a) The first sentence of section 201 (h) of
 22 such Act is amended by inserting “, and benefit payments
 23 required to be made under subsection (b), (c), or (d) of

1 section 202 to individuals entitled to benefits on the basis
 2 of the wages and self-employment income of an individual
 3 entitled to disability insurance benefits," after "section 223".

4 Wife's Insurance Benefits

5 (b) (1) Subsection (b) of section 202 of such Act is
 6 amended by inserting "or disability" after "old-age" where-
 7 ever it appears therein.

8 (2) So much of paragraph (1) of such subsection as
 9 follows the colon is amended by striking out "or" the first
 10 time it appears and inserting immediately before the period
 11 at the end of such paragraph " , or her husband (26) ceases;
 12 prior to the month in which he attains retirement age, to be
 13 entitled to disability insurance benefits" *is not entitled to dis-*
 14 *ability insurance benefits and is not entitled to old-age insur-*
 15 *ance benefits"*.

16 Husband's Insurance Benefits

17 (c) (1) Subparagraph (C) of subsection (c) (1) of
 18 such section 202 is amended to read as follows:

19 "(C) was receiving at least one-half of his support,
 20 as determined in accordance with regulations prescribed
 21 by the Secretary, from such individual—

22 "(i) if she had a period of disability which did
 23 not end prior to the month in which she became

1 entitled to old-age or disability insurance benefits,
 2 at the beginning of such period or at the time she
 3 became entitled to such benefits, or

4 “(ii) if she did not have such a period of disa-
 5 bility, at the time she became entitled to such bene-
 6 fits,

7 and filed proof of such support within two years after the
 8 month in which she filed application with respect to such
 9 period of disability or after the month in which she
 10 became entitled to such benefits, as the case may be, or,
 11 if she did not have such a period, two years after the
 12 month in which she became entitled to such benefits,
 13 and”

14 (2) The remainder of such subsection (c) (1) is
 15 amended by inserting “or disability” after “old-age” wher-
 16 ever it appears therein.

17 (3) So much of such subsection (c) (1) as follows
 18 the colon is further amended by striking out “or” the first
 19 time it appears and inserting immediately before the period
 20 at the end thereof “, or his wife (27) ceases, prior to the
 21 month in which she becomes entitled to old age insurance
 22 benefits, to be entitled to disability insurance benefits is not
 23 entitled to disability insurance benefits and is not entitled to
 24 old-age insurance benefits”.

Child's Insurance Benefits

(d) Section 202 (d) (1) of such Act is amended to read as follows:

“(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual after 1939, if such child—

“(A) has filed application for child's insurance benefits,

“(B) at the time such application was filed was unmarried and either (i) had not attained the age of eighteen or (ii) was under a disability (as defined in section 223 (c)) which began before he attained the age of eighteen, and

“(C) was dependent upon such individual—

“(i) if such individual had a period of disability which did not end prior to the month in which he became entitled to old-age or disability insurance benefits or (if he has died) prior to the month in which he died, at the beginning of such period or at the time he became entitled to such benefits or died,

“(ii) if such individual did not have such a

1 period and is living, at the time such application
2 was filed, or

3 “(iii) if such individual did not have such a
4 period and has died, at the time of such death,
5 shall be entitled to a child’s insurance benefit for each month,
6 beginning with the first month after August 1950 in which
7 such child becomes so entitled to such insurance benefits and
8 ending with the month preceding the first month in which
9 any of the following occurs: such child dies, marries, is
10 adopted (except for adoption by a stepparent, grandparent,
11 aunt, or uncle subsequent to the death of such fully or cur-
12 rently insured individual), attains the age of eighteen and
13 is not under a disability (as defined in section 223 (c))
14 which began before he attained such age, or ceases to be
15 under a disability (as so defined) on or after the day on
16 which he attains age eighteen. Entitlement of any child
17 to benefits under this subsection on the basis of the wages and
18 self-employment income of an individual entitled to disability
19 insurance benefits shall also end with the month before the
20 month in which such individual ceases to be entitled to such
21 benefits unless such individual is, for the month in which he
22 ceases to be so entitled (28) *first month for which such indi-*
23 *vidual is not entitled to such benefits unless such individual is,*
24 *for such later month,* entitled to old-age insurance benefits or
25 unless he dies in such month.”

Widower's Insurance Benefits

(e) Subparagraph (D) of section 202 (f) (1) of such Act is amended to read as follows:

“(D) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time of her death or, if such individual had a period of disability which did not end prior to the month in which she died, at the time such period began or at the time of her death, and filed proof of such support within two years after the date of such death, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the date of such death, as the case may be, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual, and she was a currently insured individual, at the time she became entitled to old-age or disability insurance benefits or, if such individual had a period of disability which did not end prior to the month in which she became so entitled, at the time such period began or at the time she became entitled to such benefits, and filed proof of such support within two years after the month in which she became entitled to

1 such benefits, or, if she had such a period of disability,
2 within two years after the month in which she filed
3 application with respect to such period of disability or
4 two years after the month in which she became entitled
5 to such benefits, as the case may be, and”.

6 Mother’s Insurance Benefits

7 (f) Section 202 (g) (1) (F) of such Act is amended
8 by inserting “or, if such individual had a period of disability
9 which did not end prior to the month in which he died, at
10 the time such period began or at the time of such death”
11 after “death”.

12 Parent’s Insurance Benefits

13 (g) Subparagraph (B) of section 202 (h) (1) of
14 such Act is amended to read as follows:

15 “(B) (i) was receiving at least one-half of his
16 support from such individual at the time of such indi-
17 vidual’s death or, if such individual had a period of
18 disability which did not end prior to the month in
19 which he died, at the time such period began or at the
20 time of such death, and (ii) filed proof of such support
21 within two years after the date of such death, or, if such
22 individual had such a period of disability, within two
23 years after the month in which such individual filed ap-
24 plication with respect to such period of disability or

1 two years after the date of such death, as the case may
2 be,”.

3 Simultaneous Entitlement to Benefits

4 (h) Section 202 (k) of such Act is amended by in-
5 serting “or disability” after “old-age” each time it appears
6 therein.

7 Adjustment of Benefits of Female Beneficiaries

8 (i) (1) Subparagraph (B) of paragraph (5) of sec-
9 tion 202 (q) of such Act is amended to read as follows:

10 “(B) the number equal to the number of months
11 for which the wife’s insurance benefit was reduced under
12 such paragraph (2), but for which such benefit was
13 subject to deductions under paragraph (1) or (2) of
14 section 203 (b), under section 203 (c), or under
15 section 222 (b),”.

16 (2) Such paragraph is further amended by striking out
17 the period at the end of subparagraph (C) and inserting in
18 lieu thereof “, and”, by striking out “(A), (B), and (C)”
19 in the material following subparagraph (C) and inserting
20 in lieu thereof “(A), (B), (C), and (D)”, and by adding
21 after subparagraph (C) the following new subparagraph:

22 “(D) the number equal to the number of months
23 for which such wife’s insurance benefit was reduced un-
24 der such paragraph (2), but in or after which her en-

1 titlement to wife's insurance benefits was terminated be-
 2 cause her husband ceases to be under a disability, not
 3 including in such number of months any month after
 4 such termination in which she was entitled to wife's
 5 insurance benefits.”.

6 (3) Subparagraph (A) of paragraph (6) of such sec-
 7 tion 202 (q) is amended to read as follows:

8 “(A) the number equal to the number of months
 9 for which such benefit was reduced under such para-
 10 graph, but for which such benefit was subject to deduc-
 11 tions under **(29)** paragraph ~~(1)~~ or ~~(2)~~ or section 203 ~~(b)~~,
 12 under section 203 ~~(c)~~, or under section 222 ~~(b)~~, and”.

13 ~~(4)~~ Such paragraph is further amended by striking out
 14 the period at the end of subparagraph ~~(C)~~ and inserting in
 15 lieu thereof “, and”, by striking out “~~(A)~~, ~~(B)~~, and ~~(C)~~”
 16 in the material following subparagraph ~~(C)~~ and inserting
 17 in lieu thereof “~~(A)~~, ~~(B)~~, ~~(C)~~, and ~~(D)~~”, and by adding
 18 after subparagraph ~~(C)~~ the following new subparagraph:

19 “~~(D)~~ the number equal to the number of months
 20 for which such wife's insurance section 203 (b) (1) or
 21 (2), under section 203 (c), or under section 222 (b),”.

22 (4) Such paragraph is further amended by striking out
 23 “(A), (B), and (C)” in the material following subpara-
 24 graph (C) and inserting in lieu thereof “(A), (B), (C),
 25 and (D)”, by redesignating subparagraph (C) as subpara-

1 graph (D), by inserting “and” at the end of subparagraph
 2 (B) and by adding after such subparagraph (B) the fol-
 3 lowing new subparagraph:

4 “(C) the number equal to the number of months for
 5 which such benefit was reduced under such paragraph,
 6 but in or after which her entitlement to wife’s insurance
 7 benefits was terminated because her husband ceased to
 8 be under a disability, not including in such number of
 9 months any month after such termination in which she
 10 was entitled to wife’s insurance benefits.”.

11 Deduction Provision

12 (j) Section 203 (c) of such Act is amended by insert-
 13 ing ~~(30)~~*a comma and* “based on the wages and self-employ-
 14 ment income of an individual entitled to old-age insurance
 15 ~~(31)~~*benefits benefits,*” after “child’s insurance benefit” the
 16 first time it appears therein.

17 Circumstances Under Which Deductions Not Required

18 (k) Section 203 (h) of such Act is amended to read
 19 as follows:

20 “Circumstances Under Which Deductions Not Required

21 “(h) In the case of any individual, deductions by reason
 22 of the provisions of subsection (b), (f), or (g) of this sec-
 23 tion, or the provisions of section 222 (b), shall, notwith-
 24 standing such provisions, be made from the benefits to which
 25 such individual is entitled only to the extent that such de-

1 ductions reduce the total amount which would otherwise be
2 paid, on the basis of the same wages and self-employment
3 income, to such individual and the other individuals living
4 in the same household.”

5 Currently Insured Individual

(1) Section 214 (b) of such Act is amended by
(32) inserting “or disability” immediately after “old age”
striking out “or” immediately preceding “(3)” and by in-
serting “or (4) in the case of any individual entitled to dis-
ability insurance benefits, the quarter in which he most recently
became entitled to disability insurance benefits,” immediately
after “section,”

13 Rounding of Benefits

(m) Section 215 (g) of such Act is amended by striking out “sections 203 (a) and 224” and inserting in lieu thereof “section 203 (a)”.

17 Deductions on Account of Refusal To Accept Rehabilitation

18 Services

19 (n) Section 222 (b) of such Act is amended by insert-
20 ing after paragraph (2) (added by section 307 (g) of this
21 Act) the following new paragraph:

22 “(3) Deductions shall be made from any wife’s, hus-
23 band’s, or child’s insurance ~~(33)benefit~~ *benefit*, based on the
24 wages and self-employment income of an individual entitled
25 to disability insurance ~~(34)benefits~~ *benefits*, to which a wife,

1 husband, or child is ~~(35)entitled~~ *entitled*, until the total of
 2 such deductions equal such wife's, husband's, or child's insur-
 3 ance benefit or benefits under section 202 for any month in
 4 which the individual, on the basis of whose wages and self-
 5 employment income such benefit was payable, refuses to
 6 accept rehabilitation services and deductions, on account of
 7 such refusal, are imposed under paragraph (1)."

8 Suspension of Benefits Based on Disability

9 (o) Section 225 of such Act is amended by adding at
 10 the end thereof the following new sentence: "Whenever the
 11 benefits of an individual entitled to a disability insurance
 12 benefit are suspended for any month, the benefits of any
 13 individual entitled thereto under subsection (b), (c), or (d)
 14 of section ~~(36)202~~ 202, on the basis of the wages and self-
 15 employment income of such individual, shall be suspended for
 16 such month."

17 REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

18 SEC. 206. Section 224 of such Act is hereby repealed.

19 EFFECTIVE DATES

20 SEC. 207. (a) The amendments made by section 201
 21 shall apply with respect to applications for a disability deter-
 22 mination under section 216 (i) of the Social Security Act
 23 filed after June 1961. The amendments made by section
 24 202 shall apply with respect to applications for disability

1 insurance benefits under section 223 of such Act filed after
2 December 1957. The amendments made by section 203
3 shall apply with respect to applications for a disability deter-
4 mination under such section 216 (i) filed after June 1958.
5 The amendments made by section 204 shall apply with
6 respect to (1) applications for disability insurance benefits
7 under such section 223 or for a disability determination under
8 such section 216 (i) filed on or after the date of enactment
9 of this Act, and (2) applications for such benefits or for
10 such a determination filed after 1957 and prior to such date of
11 enactment if the applicant has not died prior to such date of
12 enactment and if notice to the applicant of the Secretary's
13 decision with respect thereto has not been given to him on or
14 prior to such date, except that (A) no benefits under title II
15 of the Social Security Act for the month in which this Act is
16 enacted or any prior month shall be payable or increased by
17 reason of the amendments made by section 204 of this Act,
18 and (B) the provisions of section 215 (f) (1) of the Social
19 Security Act shall not prevent recomputation of monthly
20 benefits under section 202 of such Act (but no such recompu-
21 tation shall be regarded as a recomputation for purposes of
22 section 215 (f) of such Act). The amendments made by
23 section 205 (other than by ~~(37)subsection (k)~~ *subsections*
24 *(k) and (m)*) shall apply with respect to monthly benefits
25 under title II of the Social Security Act for months after the

1 month in which this Act is enacted, but only if an application
 2 for such benefits is filed on or after the date of enactment of
 3 this Act. The amendments made by section 206 and by
 4 ~~(38)subsection (k)~~ *subsections (k) and (m)* of section 205
 5 shall apply with respect to monthly benefits under title II of
 6 the Social Security Act for the month in which this Act is
 7 enacted and succeeding months.

8 (b) In the case of any husband, widower, or parent
 9 who would not be entitled to benefits under section 202 (c),
 10 section 202 (f), and section 202 (h), respectively, of the
 11 Social Security Act except for the enactment of section 205
 12 of this Act, the requirement in such section 202 (c), sec-
 13 tion 202 (f), or section 202 (h), as the case may be, that
 14 proof of support be filed within a two-year period shall not
 15 apply if such proof is filed within two years after the month
 16 in which this Act is enacted.

17 TITLE III—PROVISIONS RELATING TO ELIGI-
 18 BILITY OF CLAIMANTS FOR SOCIAL SECUR-
 19 RITY BENEFITS, AND MISCELLANEOUS PRO-
 20 VISIONS

21 ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS
 22 BENEFITS

23 Husband's Insurance Benefits

24 SEC. 301. (a) (1) Section 202 (c) of the Social
 25 Security Act is amended by redesignating paragraph (2)

1 as paragraph (3) and adding after paragraph (1) the
2 following new paragraph:

3 “(2) The requirement in paragraph (1) that the indi-
4 vidual entitled to old-age or disability insurance benefits be
5 a currently insured individual, and the provisions of sub-
6 paragraph (C) of such paragraph, shall not be applicable in
7 the case of any husband who—

8 “(A) in the month prior to the month of his mar-
9 riage to such individual was entitled to, or on application
10 therefor and attainment of retirement age in such prior
11 month would have been entitled to, benefits under sub-
12 section (f) or (h) ; or

13 “(B) in the month prior to the month of his mar-
14 riage to such individual had attained age eighteen and
15 was entitled to, or on application therefor would have
16 been entitled to, benefits under subsection (d) .”

17 (2) Section 216 (f) of such Act is amended to read as
18 follows:

19 “(f) The term ‘husband’ means the husband of an
20 individual, but only if (1) he is the father of her son or
21 daughter, (2) he was married to her for a period of not
22 less than three years immediately preceding the day on
23 which his application is filed, or (3) in the month prior to
24 the month of his marriage to her (A) he was entitled to,
25 or on application therefor and attainment of retirement age

1 in such prior month would have been entitled to, benefits
2 under subsection (f) or (h) of section 202, or (B) he had
3 attained age eighteen and was entitled to, or on application
4 therefor would have been entitled to, benefits under subsec-
5 tion (d) of such section.”

6 Widow's Insurance Benefits

7 (b) (1) Subparagraph (B) of section 202 (e) (3)
8 of such Act is amended by striking out “but she is not
9 his widow (as defined in section 216 (c))” and inserting
10 in lieu thereof “which occurs within one year after such
11 marriage and he did not die a fully insured individual”.

12 (2) Section 216 (c) of such Act is amended to read as
13 follows:

14 “(c) The term ‘widow’ (except when used in section
15 202 (i)) means the surviving wife of an individual, but
16 only if (1) she is the mother of his son or daughter, (2)
17 she legally adopted his son or daughter while she was married
18 to him and while such son or daughter was under the age
19 of eighteen, (3) he legally adopted her son or daughter
20 while she was married to him and while such son or daughter
21 was under the age of eighteen, (4) she was married to him
22 at the time both of them legally adopted a child under the
23 age of eighteen, (5) she was married to him for a period of
24 not less than one year immediately prior to the day on
25 which he died, or (6) in the month prior to the month of

1 her marriage to him (A) she was entitled to, or on applica-
 2 tion therefor and attainment of retirement age in such prior
 3 month would have been entitled to, benefits under subsection
 4 (e) or (h) of section 202, or (B) she had attained age
 5 eighteen and was entitled to, or on application therefor
 6 would have been entitled to, benefits under subsection (d)
 7 of such section.”

8 Widower's Insurance Benefits

9 (c) (1) Section 202 (f) of such Act is amended by
 10 redesignating paragraph (2) as paragraph (3) and by
 11 adding after paragraph (1) the following new paragraph:

12 “(2) The requirement in paragraph (1) that the
 13 deceased fully insured individual also be a currently insured
 14 individual, and the provisions of subparagraph (D) of such
 15 paragraph, shall not be applicable in the case of any indi-
 16 vidual who—

17 “(A) in the month prior to the month of his
 18 marriage to such individual was entitled to, or on ap-
 19 plication therefor and attainment of retirement age in
 20 such prior month would have been entitled to, benefits
 21 under this subsection or subsection (h) ; or

22 “(B) in the month prior to the month of his mar-
 23 riage to such individual had attained age eighteen and
 24 was entitled to, or on application therefor would have
 25 been entitled to, benefits under subsection (d).”

1 (2) Section 216 (g) of such Act is amended to read
2 as follows:

3 “(g) The term ‘widower’ (except when used in section
4 202 (i)) means the surviving husband of an individual,
5 but only if (1) he is the father of her son or daughter, (2)
6 he legally adopted her son or daughter while he was married
7 to her and while such son or daughter was under the age
8 of eighteen, (3) she legally adopted his son or daughter
9 while he was married to her and while such son or daughter
10 was under the age of eighteen, (4) he was married to her
11 at the time both of them legally adopted a child under the
12 age of eighteen, (5) he was married to her for a period of
13 not less than one year immediately prior to the day on which
14 she died, or (6) in the month before the month of his
15 marriage to her (A) he was entitled to, or on application
16 therefor and attainment of retirement age in such prior
17 month would have been entitled to, benefits under subsec-
18 tion (f) or (h) of section 202, or (B) he had attained age
19 eighteen and was entitled to, or on application therefor
20 would have been entitled to, benefits under subsection (d)
21 of such section.”

22 Definition of Wife

23 (d) Section 216 (b) of such Act is amended by striking
24 out “or” at the end of the clause (1) , and by inserting before
25 the period at the end thereof: “, or (3) in the month prior

1 to the month of her marriage to him (A) was entitled to,
2 or on application therefor and attainment of retirement age
3 in such prior month would have been entitled to, benefits
4 under subsection (e) or (h) of section 202, or (B) had
5 attained age eighteen and was entitled to, or on application
6 therefor would have been entitled to, benefits under subsection
7 (d) of such section”.

8 Definition of Former Wife Divorced

9 (e) Section 216 (d) of such Act is amended to read
10 as follows:

11 “(d) The term ‘former wife divorced’ means a woman
12 divorced from an individual, but only if (1) she is the mother
13 of his son or daughter, (2) she legally adopted his son or
14 daughter while she was married to him and while such son
15 or daughter was under the age of eighteen, (3) he legally
16 adopted her son or daughter while she was married to him
17 and while such son or daughter was under the age of eighteen,
18 or (4) she was married to him at the time both of them
19 legally adopted a child under the age of eighteen.”

20 Effective Date

21 (f) The amendments made by this section shall apply
22 with respect to monthly benefits under section 202 of the
23 Social Security Act for months beginning after the date of

1 enactment of this Act, but only if an application for such
2 benefits is filed on or after such date.

3 ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS

4 BENEFITS

5 Definition of Child

6 SEC. 302. (a) Section 216 (e) of such Act is amended
7 to read as follows:

8 “(e) The term ‘child’ means (1) the child or legally
9 adopted child of an individual, and (2) in the case of a
10 living individual, a stepchild who has been such stepchild
11 for not less than three years immediately preceding the
12 day on which application for child’s benefits is filed, and
13 (3) in the case of a deceased individual, a stepchild who
14 has been such stepchild for not less than one year immedi-
15 ately preceding the day on which such individual died. For
16 purposes of clause (1), a person shall be deemed, as of
17 the date of death of an individual, to be the legally adopted
18 child of such individual if such person was at the time of
19 such individual’s death living in such individual’s household
20 and was legally adopted by such individual’s surviving spouse
21 after such individual’s death but before the end of two
22 years after the day on which such individual died (39)or
23 the date of enactment of this Act; except that this sentence

1 shall not apply if at the time of such individual's death such
 2 person was receiving regular contributions toward his support
 3 from someone other than such individual or his spouse, or
 4 from any public or private welfare organization which fur-
 5 nishes services or assistance for children."

6 Effective Date

7 (b) The amendment made by this section shall apply
 8 with respect to monthly benefits under section 202 of the
 9 Social Security Act for months beginning after the date of
 10 enactment of this Act, but only if an application for such
 11 benefits is filed on or after such date.

12 ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S

13 INSURANCE BENEFITS

14 SEC. 303. ~~(40)~~(a) Section 202 (g) of the Social Secu-
 15 rity Act is amended by adding at the end thereof the follow-
 16 ing new paragraph:

17 "(3) In the case of any widow or former wife divorced
 18 of an individual—

19 "(A) who marries another individual, and

20 "(B) whose marriage to the individual referred to
 21 in subparagraph (A) is terminated by his death but she
 22 ~~(41)is not his widow as defined in section 216 (e) is~~
 23 *not, upon filing application therefor in the month in*
 24 *which he died would not be, entitled to benefits for such*

1 *month on the basis of his wages and self-employment*
 2 *income,*
 3 the marriage to the individual referred to in clause (A)
 4 shall, for the purpose of paragraph (1), be deemed not to
 5 have occurred. No benefits shall be payable under this sub-
 6 section by reason of the preceding sentence for any month
 7 prior to whichever of the following is the latest: (i) the
 8 month in which the death referred to in subparagraph (B)
 9 of the preceding sentence occurs, (ii) the twelfth month
 10 before the month in which such widow or former wife
 11 divorced files application for purposes of this paragraph,
 12 or (iii) the month following the month in which this para-
 13 graph is enacted.”

14 **(42)**(b) *The paragraph (3) added to such section 202 (g)*
 15 *by H. R. 5411, Eighty-fifth Congress, is hereby repealed*
 16 *effective with respect to benefits payable for any month*
 17 *following the month in which this Act is enacted.*

18 ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

19 Provisions Relating to Eligibility

20 SEC. 304. (a) (1) So much of section 202 (h) (1) of
 21 the Social Security Act as precedes subparagraph (A) is
 22 amended to read as follows:

23 “(1) Every parent (as defined in this subsection) of an
 24 individual who died a fully insured individual after 1939.
 25 if such parent—”.

1 (2) The amendment made by this subsection shall apply
2 with respect to monthly benefits under section 202 of the
3 Social Security Act for months beginning after the date of
4 enactment of this Act, but only if an application for such
5 benefits is filed on or after such date.

6 Deaths Before Effective Date

7 (b) Where—

8 (1) one or more persons were entitled (without
9 the application of section 202 (j) (1) of the Social
10 Security Act) to monthly benefits under section 202 of
11 such Act for the month in which this Act is enacted on
12 the basis of the wages and self-employment income of an
13 individual; and

14 (2) a person is entitled to a parent's insurance
15 benefit under section 202 (h) of the Social Security
16 Act for any subsequent month on the basis of such wages
17 and self-employment income and such person would
18 not be entitled to such benefit but for the enactment of
19 this section; and

20 (3) the total of the benefits to which all persons are
21 entitled under section 202 of the Social Security Act on
22 the basis of such wages and self-employment income for
23 such subsequent month are reduced by reason of the ap-
24 plication of section 203 (a) of such Act,
25 then the amount of the benefit to which each such person

1 referred to in paragraph (1) of this subsection is entitled
2 for such subsequent month shall be increased, after the appli-
3 cation of such section 203 (a), to the amount it would
4 have been if no person referred to in paragraph (2) of this
5 subsection was entitled to a parent's insurance benefit for
6 such subsequent month on the basis of such wages and self-
7 employment income.

8 Proof of Support in Cases of Deaths Before Effective Date

9 (c) In the case of any parent who would not be entitled
10 to parent's benefits under section 202 (h) of the Social Secu-
11 rity Act except for the enactment of this section, the require-
12 ment in such section 202 (h) that proof of support be filed
13 within two years of the date of death of the insured individual
14 referred to therein shall not apply if such proof is filed within
15 the two-year period beginning with the first day of the month
16 after the month in which this Act is enacted.

17 ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

18 Requirement That Surviving Spouse Be a Member of 19 Deceased's Household

20 SEC. 305. (a) The first sentence of section 202 (i)
21 of the Social Security Act is amended by inserting "in the
22 same household" after "living".

23 Provisions Relating to Widows and Widowers

24 (b) Section 216 (h) of such Act is amended by
25 striking out paragraph (3).

2

7

8

9

10

14

15

20

21

22

23

23 SEC. 307. (a) Section 202 (d) of the Social Security
24 Act is amended by inserting immediately after paragraph
25 (5) thereof the following new paragraph:

1 “(6) In the case of a child who has attained the age of
2 eighteen and who marries—

3 “(A) an individual entitled to benefits under sub-
4 section (a), (e), (f), (g), or (h) of this section or
5 under section 223 (a), or

6 “(B) another individual who has attained the age
7 of eighteen and is entitled to benefits under this sub-
8 section,

9 such child's entitlement to benefits under this subsection
10 shall, notwithstanding the provisions of paragraph (1), not
11 be terminated by reason of such marriage; except that, in
12 the case of such a marriage to a male individual entitled to
13 benefits under section 223 (a) or this subsection, the pre-
14 ceding provisions of this paragraph shall not apply with
15 respect to benefits for months after the last month for which
16 such individual is entitled to such benefits under section 223
17 (a) or this subsection unless (i) he ceases to be so entitled
18 by reason of his ~~(43)death~~ death, or (ii) in the case of an
19 individual who was entitled to benefits under section 223
20 (a), he is entitled, for the month following such last month,
21 to benefits under subsection (a) of this section.”

22 Widow's Insurance Benefits

23 (b) Section 202 (e) of such Act is amended by insert-
24 ing at the end thereof the following new paragraph:

25 “(4) In the case of a widow who marries—

1 “(A) an individual entitled to benefits under sub-
2 section (f) or (h) of this section, or

3 “(B) an individual who has attained the age of
4 eighteen and is entitled to benefits under subsection (d),
5 such widow’s entitlement to benefits under this subsection
6 shall, notwithstanding the provisions of paragraph (1), not
7 be terminated by reason of such marriage; except that, in
8 the case of such a marriage to an individual entitled to
9 benefits under subsection (d), the preceding provisions of
10 this paragraph shall not apply with respect to benefits for
11 months after the last month for which such individual is
12 entitled to such benefits under subsection (d) unless he
13 ceases to be so entitled by reason of his death.”

14 Widower’s Insurance Benefits

15 (c) Section 202 (f) of such Act is amended by adding
16 at the end thereof the following new paragraph:

17 “(4) In the case of a widower who marries—

18 “(A) an individual entitled to benefits under sub-
19 section (e), (g), or (h), or

20 “(B) an individual who has attained the age of
21 eighteen and is entitled to benefits under subsection (d),
22 such widower’s entitlement to benefits under this subsection
23 shall, notwithstanding the provisions of paragraph (1),
24 not be terminated by reason of such marriage.”

Mother's Insurance Benefits

(d) Section 202 (g) of such Act is amended by adding after paragraph (3) (added by section 303 of this Act) the following new paragraph:

“(4) In the case of a widow or former wife divorced who marries—

“(A) an individual entitled to benefits under subsection (a), (f), or (h), or under section 223 (a), or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), the entitlement of such widow or former wife divorced to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under section 223 (a) or subsection (d) of this section, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his ~~(44)death~~ death, or (ii) in the case of an individual who was entitled to benefits under section 223 (a),

1 he is entitled, for the month following such last month, to
2 benefits under subsection (a) of this section.”

3 Parent’s Insurance Benefits

4 (e) Section 202 (h) of such Act is amended by add-
5 ing at the end thereof the following new paragraph:

6 “(4) In the case of a parent who marries—

7 “(A) an individual entitled to benefits under this
8 subsection or subsection (e), (f), or (g), or

9 “(B) an individual who has attained the age of
10 eighteen and is entitled to benefits under subsection
11 (d),

12 such parent’s entitlement to benefits under this subsection
13 shall, notwithstanding the provisions of paragraph (1), not
14 be terminated by reason of such marriage; except that, in
15 the case of such a marriage to a male individual entitled
16 to benefits under subsection (d), the preceding provisions
17 of this paragraph shall not apply with respect to benefits
18 for months after the last month for which such individual
19 is entitled to such benefits under subsection (d) unless he
20 ceases to be so entitled by reason of his death.”

21 Deduction Provisions

22 (f) Subsection (c) of section 203 of such Act is
23 amended by inserting “(1)” after “(c)”, by redesignating
24 subparagraphs (1) and (2) as subparagraphs (A) and
25 (B), respectively, by striking out “paragraph (1)” and

1 inserting in lieu thereof “subparagraph (A)”, and by add-
2 ing at the end of such subsection the following new para-
3 graph:

4 “(2) Deductions shall be made from any child’s insur-
5 ance benefit to which a child who has attained the age of
6 eighteen is entitled or from any mother’s insurance benefit
7 to which a person is ~~(45)entitled~~ *entitled*, until the total of
8 such deductions equals such child’s insurance benefit or bene-
9 fits or mother’s insurance benefit or benefits under section
10 202 for any month—

11 “(A) in which such child or person entitled to
12 mother’s insurance benefit is married to an indi-
13 vidual entitled to old-age insurance benefits under sec-
14 tion 202 (a) who is under the age of seventy-two and
15 for which month such individual is charged with any
16 earnings under the provisions of subsection (e) of this
17 section, or

18 “(B) in which such child or person entitled to
19 mother’s insurance benefits is married to the indi-
20 vidual referred to in subparagraph (A) and on seven
21 or more different calendar days of which such indi-
22 vidual engaged in noncovered remunerative activity out-
23 side the United States.”

1 Deductions on Account of Refusal To Accept Rehabilitation
2 Services

3 (g) Section 222 (b) of such Act is amended by insert-
4 ing “(1)” after “(b)”, and by adding at the end thereof
5 the following new paragraph:

6 “(2) Deductions shall be made from any child’s in-
7 surance benefit to which a child who has attained the age of
8 eighteen is entitled or from any mother’s insurance benefit
9 to which a person is ~~(46)entitled~~ *entitled*, until the total of
10 such deductions equals such child’s insurance benefit or bene-
11 fits or ~~(47)~~ *such* mother’s insurance benefit or benefits under
12 section 202 for any month in which such child or person en-
13 titled to mother’s insurance benefits is married to an individual
14 who is entitled to disability insurance benefits and in which
15 such individual refuses to accept rehabilitation services and a
16 deduction, on account of such refusal, is imposed under
17 paragraph (1). If both this paragraph and paragraph (3)
18 are applicable to a child’s insurance benefit for any month,
19 only an amount equal to such benefit shall be deducted.”

20 Effective Date

21 (h) (1) The amendments made by this section (other
22 than by subsections (f) and (g)) shall apply with respect
23 to monthly benefits under section 202 of the Social Security
24 Act for months following the month in which this Act is
25 enacted; except that in any case in which benefits were ter-

minated with the close of the month in which this Act is enacted or any prior month and, if the amendments made by this section had been in effect for such month, such benefits would not have been terminated, the amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed after such date.

(2) The amendment made by subsection (f) shall apply with respect to monthly benefits under ~~(48)~~section 202 ~~(d)~~ of the Social Security Act for months in any taxable year, of the individual on the basis of whose wages and self-employment income such benefits are payable subsection (d) or (g) of section 202 of the Social Security Act for months in any taxable year, of the individual to whom the person entitled to such benefits is married, beginning after the month in which this Act is enacted.

(3) The amendments made by subsection (g) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months, occurring after the month in which this Act is enacted, in which a deduction is incurred under paragraph (1) of section 222 (b) of the Social Security Act.

1 AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF
2 BENEFITS

3 SEC. 308. (a) Section 203 (e) (2) of such Act is
4 amended by striking out "last month" and "preceding
5 month" wherever they appear and substituting in lieu thereof
6 "first month" and "succeeding month", respectively.

(b) Section 203 (e) (3) (A) of such Act is amended by striking out “the term ‘last month of such taxable year’ means the latest month” and substituting in lieu thereof “the term ‘first month of such taxable year’ means the earliest month”.

(c) Subsections (e) (2) (D) and (e) (3) (B) (ii) of section 203 of such Act are each amended by striking out “\$80” and inserting in lieu thereof “\$100”.

(d) Section 203 (g) (1) of such Act is amended to
read as follows:

“(g) (1) (A) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of \$100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth

1 day of the fourth month following the close of such year,
2 and shall contain such information and be made in such
3 manner as the Secretary may by regulations prescribe. Such
4 report need not be made for any taxable year (i) beginning
5 with or after the month in which such individual attained
6 the age of 72, or (ii) if benefit payments for all months (in
7 such taxable year) in which such individual is under age 72
8 have been suspended ~~(49)~~for all such months of such year
9 under the provisions of the first sentence of paragraph (3)
10 of this subsection.

11 “(B) If the benefit payments of an individual have
12 been suspended for all months in any taxable year under
13 the provisions of the first sentence of paragraph (3) of sub-
14 section (g), no benefit payment shall be made to such
15 individual for any such month in such taxable year after the
16 expiration of the period of three years, three months, and
17 fifteen days following the close of such taxable year unless
18 within such period the individual, or some other person
19 entitled to benefits under this title on the basis of the same
20 wages and self-employment income, files with the Secretary
21 information showing that a benefit for such month is payable
22 to such individual.”

23 (e) Section 203 (1) of such Act is amended by striking
24 out “(g)” and inserting in lieu thereof “(g) (1) (A)”.

25 (f) The amendments made by this section shall be

1 applicable with respect to taxable years beginning after the
2 month in which this Act is enacted.

3 REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF
4 HEALTH, EDUCATION, AND WELFARE

5 SEC. 309. The second sentence of section 206 of the
6 Social Security Act is amended by striking out “upon filing
7 with the Administrator a certificate of his right to so practice
8 from the presiding judge or clerk of any such court”.

9 OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

10 SEC. 310. Section 208 of the Social Security Act is
11 amended to read as follows:

12 “PENALTIES

13 “SEC. 208. Whoever—

14 “(a) for the purpose of causing an increase in any
15 payment authorized to be made under this title, or for
16 the purpose of causing any payment to be made where
17 no payment is authorized under this title, shall make or
18 cause to be made any false statement or representation
19 (including any false statement or representation in con-
20 nection with any matter arising under subchapter E of
21 chapter 1, or subchapter A or E of chapter 9 of the
22 Internal Revenue Code of 1939, or chapter 2 or 21 or
23 subtitle F of the Internal Revenue Code of 1954) as to—

24 “(1) whether wages were paid or received for
25 employment (as said terms are defined in this title

1 and the Internal Revenue Code), or the amount of
2 wages or the period during which paid or the person
3 to whom paid; or

4 “(2) whether net earnings from self-employ-
5 ment (as such term is defined in this title and in the
6 Internal Revenue Code) were derived, or as to
7 the amount of such net earnings or the period dur-
8 ing which or the person by whom derived; or

9 “(3) whether a person entitled to benefits
10 under this title had earnings in or for a particular
11 period (as determined under section 203 (e) of
12 this title for purposes of deductions from benefits),
13 or as to the amount thereof; or

14 “(b) makes or causes to be made any false state-
15 ment or representation of a material fact in any appli-
16 cation for any payment or for a disability determination
17 under this title; or

18 “(c) at any time makes or causes to be made any
19 false statement or representation of a material fact for
20 use in determining rights to payment under this title; or

21 “(d) having knowledge of the occurrence of any
22 event affecting (1) his initial or continued right to any
23 payment under this title, or (2) the initial or continued
24 right to any payment of any other individual in whose
25 behalf he has applied for or is receiving such payment,

1 conceals or fails to disclose such event with an intent
 2 fraudulently to secure payment either in a greater
 3 amount than is due or when no payment is authorized;
 4 or

5 “(e) having made application to receive payment
 6 under this title for the use and benefit of another and
 7 having received such a payment, knowingly and willfully
 8 converts such a payment, or any part thereof, to a use
 9 other than for the use and benefit of such other person;
 10 shall be guilty of a misdemeanor and upon conviction thereof
 11 shall be fined not more than \$1,000 or imprisoned for not
 12 more than one year, or both.”

13 ~~(50) SICK LEAVE PAY OF STATE AND LOCAL EMPLOYEES~~

14 ~~SEC. 311. (a) Subsection (i) of section 209 of the Social~~
 15 ~~Security Act is amended by inserting immediately before~~
 16 ~~the semicolon a period and the following: “As used in this~~
 17 ~~subsection, the term ‘sick pay’ includes remuneration for~~
 18 ~~service in the employ of a State, or a political subdivision~~
 19 ~~(as defined in section 218 (b) (2)) of a State, or an~~
 20 ~~instrumentality of two or more States, paid to an employee~~
 21 ~~thereof for a period during which he was absent from work~~
 22 ~~because of sickness”.~~

23 ~~(b) The amendment made by subsection (a) shall be~~
 24 ~~applicable to remuneration paid after the enactment of this~~
 25 ~~Act, except that, in the case of any coverage group which~~

1 is included under the agreement of a State under section 218
 2 of the Social Security Act, the amendment made by subsection
 3 ~~(a)~~ shall also be applicable to remuneration for any member
 4 of such coverage group with respect to services performed
 5 after the effective date, specified in such agreement, for such
 6 coverage group, if such State has paid or agrees, prior to Jan-
 7 uary 1, 1959, to pay, prior to such date, the amounts which
 8 under section 218 ~~(e)~~ would have been payable with respect
 9 to remuneration of all members of such coverage group had
 10 the amendment made by subsection ~~(a)~~ been in effect on and
 11 after January 1, 1951. Failure by a State to make such
 12 payments prior to January 1, 1959, shall be treated the same
 13 as failure to make payments when due under section 218 ~~(e)~~.

14 EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN
 15 PRODUCTS

16 SEC. ~~(51)~~³¹² 311. (a) Section 210 (a) (1) of the
 17 Social Security Act is amended to read as follows:

18 “(1) Service performed by foreign agricultural
 19 workers (A) under contracts entered into in accord-
 20 ance with title V of the Agricultural Act of 1949, as
 21 amended, or (B) lawfully admitted to the United States
 22 from the Bahamas, Jamaica, and the other British
 23 West Indies, or from any other foreign country or
 24 possession thereof, on a temporary basis to perform
 25 agricultural labor;”.

1 (b) The amendment made by subsection (a) shall apply
2 with respect to service performed after 1958.

3 EMPLOYMENT FOR NONPROFIT ORGANIZATION

4 SEC. ~~(52)~~³¹² 312. (a) Section 210 (a) (8) (B) of
5 title II of the Social Security Act is amended to read as
6 follows:

7 “(B) Service performed in the employ of a reli-
8 gious, charitable, educational, or other organization de-
9 scribed in section 501 (c) (3) of the Internal Revenue
10 Code of 1954, which is exempt from income tax under
11 section 501 (a) of such Code, but this subparagraph
12 shall not apply to service performed during the period
13 for which a certificate, filed pursuant to section 3121
14 (k) of the Internal Revenue Code of 1954, is in effect
15 if such service is performed by an employee—

16 “(i) whose signature appears on the list filed
17 by such organization under such section 3121 (k),

18 “(ii) who became an employee of such organi-
19 zation after the calendar quarter in which the cer-
20 tificate (other than a certificate referred to in clause
21 (iii)) was filed, or

22 “(iii) who, after the calendar quarter in which
23 the certificate was filed with respect to a group
24 described in paragraph (1) (E) of such section
25 3121 (k), became a member of such group,

1 except that this subparagraph shall apply with respect
 2 to service performed by an employee as a member of
 3 a group described in such paragraph (1) (E) with
 4 respect to which no certificate is in effect;”.

5 (b) The amendment made by subsection (a) shall
 6 apply with respect to certificates filed under section 3121

7 (k) (1) of the Internal Revenue Code of 1954 after the
 8 date of enactment of this Act.

9 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

10 SEC. ~~(53)~~³¹⁴ 313. (a) Section 211 of the Social
 11 Security Act is amended by adding at the end thereof the
 12 following new subsection:

13 “Partner's Taxable Year Ending as Result of Death

14 “(f) In computing a partner's net earnings from self-
 15 employment for his taxable year which ends as a result of his
 16 death (but only if such taxable year ends within, and not
 17 with, the taxable year of the partnership), there shall be in-
 18 cluded so much of the deceased partner's distributive share
 19 of the partnership's ordinary income or loss for the partner-
 20 ship taxable year as is not attributable to an interest in the
 21 partnership during any period beginning on or after the first
 22 day of the first calendar month following the month in which
 23 such partner died. For purposes of this subsection—

24 “(1) in determining the portion of the distributive
 25 share which is attributable to any period specified in the

1 preceding sentence, the ordinary income or loss of the
 2 partnership shall be treated as having been realized or
 3 sustained ratably over the partnership taxable year; and

4 “(2) the term ‘deceased partner’s distributive
 5 share’ includes the share of his estate or of any other
 6 person succeeding, by reason of his death, to rights with
 7 respect to his partnership interest.”

8 (b) The amendment made by subsection (a) shall
 9 apply—

10 (1) with respect to individuals who die after the
 11 date of the enactment of this Act, and

12 (2) with respect to any individual who died after
 13 1955 and on or before the date of the enactment of this
 14 Act, but only if the requirements of section 403 (b) (2)
 15 of this Act are met.

16 GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO
 17 SERVED IN THE ARMED FORCES OF ALLIED COUNTRIES

18 General Rule

19 SEC. ~~(54)~~³¹⁵ 314. (a) Section 217 of such Act is
 20 amended by adding at the end thereof the following new
 21 subsection:

22 “(h) (1) For the purposes of this section ~~(55)~~^{and}
 23 ~~section 215 (d)~~, any individual who the Secretary finds—

24 “(A) served during World War II (as defined in
 25 subsection (d) (1)) in the active military or naval

1 service of a country which was on September 16, 1940,
2 at war with a country with which the United States
3 was at war during World War II;

4 “(B) entered into such active service on or before
5 December 8, 1941;

6 “(C) was a citizen of the United States through-
7 out such period of service or lost his United States
8 citizenship solely because of his entrance into such
9 service;

10 “(D) had resided in the United States for a period
11 or periods aggregating four years during the five-year
12 period ending on the day of, and was domiciled in the
13 United States on the day of, such entrance into such
14 active service; and

15 “(E) (i) was discharged or released from such
16 service under conditions other than dishonorable after
17 active service of ninety days or more or by reason of a
18 disability or injury incurred or aggravated in service in
19 line of duty, or

20 “(ii) died while in such service,
21 shall be considered a World War II veteran (as defined in
22 subsection (d) (2)) and such service shall be considered
23 to have been performed in the active military or naval serv-
24 ice of the United States.

25 “(2) In the case of any individual to whom paragraph

1 (1) applies, proof of support required under section 202
 2 ~~(56)~~(f) or (h) may be filed ~~(57)~~by a parent at any time
 3 prior to the expiration of two years after the date of such
 4 individual's death or the date of the enactment of this sub-
 5 section, whichever is the later."

6 Reimbursement to Disability Insurance Trust Fund

7 (b) (1) Section 217 (g) (1) of the Social Security
 8 Act is amended by deleting "Trust Fund" and inserting in
 9 lieu thereof "Trust Funds".

10 (2) Section 217 (g) (2) of the Social Security Act is
 11 amended by deleting "the Trust Fund" each time it appears
 12 therein and inserting in lieu thereof "the Federal Old-Age
 13 and Survivors Insurance Trust Fund" the first time and
 14 "such Trust Fund" the other times.

15 Effective Date

16 (c) (1) The amendment made by subsection (a)
 17 shall apply only with respect to (A) monthly benefits
 18 under sections 202 and 223 of the Social Security Act for
 19 months after the month in which this Act is enacted, (B)
 20 lump-sum death payments under such section 202 in the
 21 case of deaths occurring after the month in which this Act
 22 is enacted, and (C) periods of disability under section 216
 23 (i) in the case of applications for a disability determination
 24 filed after the month in which this Act is enacted.

1 (2) In the case of any individual—

2 (A) who is a World War II veteran (as defined
3 in section 217 (d) (2) of the Social Security Act)
4 wholly or partly by reason of service described in section
5 217 (h) (1) (A) of such Act; and

6 (B) who (i) became entitled to old-age insurance
7 benefits under section 202 (a) of the Social Security
8 Act or to disability insurance benefits under section 223
9 of such Act prior to the first day of the month follow-
10 ing the month in which this Act is enacted, or (ii)
11 died prior to such first day, and whose widow, former
12 wife divorced, widower, child, or parent is entitled for
13 the month in which this Act is enacted, on the basis of
14 his wages and self-employment income, to a monthly
15 benefit under section 202 of such Act; and

16 (C) any part of whose service described in section
17 217 (h) (1) (A) of the Social Security Act was not
18 included in the computation of his primary insurance
19 amount under section 215 of such Act but would have
20 been included in such computation if the amendment
21 made by subsection (a) of this section had been effective
22 prior to the date of such computation,

23 the Secretary of Health, Education, and Welfare shall, not-

1 withstanding the provisions of section 215 (f) (1) of the
 2 Social Security Act, recompute the primary insurance
 3 amount of such individual upon the filing of an application,
 4 after the month in which this Act is enacted, by him
 5 or (if he has died without filing such an application) by
 6 any person entitled to monthly benefits under section 202
 7 of the Social Security Act on the basis of his wages and
 8 self-employment income. Such recomputation shall be made
 9 only in the manner provided in title II of the Social Security
 10 Act as in effect at the time of the last previous computation
 11 or recomputation of such individual's primary insurance
 12 amount, and as though application therefor was filed in the
 13 month in which application for such last previous computa-
 14 tion or recomputation was filed. No recomputation made
 15 under this subsection shall be regarded as a recomputation
 16 under section 215 (f) of the Social Security Act. Any such
 17 recomputation shall be effective for and after the twelfth
 18 month before the month in which the application is filed, but
 19 in no case for the month in which this Act is enacted or
 20 any prior month.

21 POSITIONS COVERED BY STATE AND LOCAL RETIREMENT
 22 SYSTEMS

23 Division of Retirement Systems

24 SEC. ~~(58)~~ 315. (a) (1) Section 218 (d) (6) of
 25 the Social Security Act is amended to read as follows:

1 “(6) (A) If a retirement system covers positions of
2 employees of the State and positions of employees of one or
3 more political subdivisions of the State, or covers positions
4 of employees of two or more political subdivisions of the
5 State, then, for purposes of the preceding paragraphs of this
6 subsection, there shall, if the State so desires, be deemed to
7 be a separate retirement system with respect to any one or
8 more of the political subdivisions concerned and, where the
9 retirement system covers positions of employees of the
10 State, a separate retirement system with respect to the State
11 or with respect to the State and any one or more of the
12 political subdivisions concerned.

13 “(B) If a retirement system covers positions of em-
14 ployees of one or more institutions of higher learning, then,
15 for purposes of such preceding paragraphs there shall, if the
16 State so desires, be deemed to be a separate retirement sys-
17 tem for the employees of each such institution of higher
18 learning. For the purposes of this subparagraph, the term
19 ‘institutions of higher learning’ includes junior colleges and
20 teachers colleges.

21 “(C) For the purposes of this subsection, any
22 retirement system established by the State of California,
23 Connecticut, Florida, Georgia, Massachusetts, Minnesota,
24 New York, North Dakota, Pennsylvania, Rhode Island, Ten-
25 nessee (59) *Vermont*, Washington, Wisconsin, or the Terri-

1 tory of Hawaii, or any political subdivision of any such State
 2 or Territory, which, on, before, or after the date of enactment
 3 of this ~~(60)subparagraph~~ *subparagraph*, is divided into two
 4 divisions or parts, one of which is composed of positions of
 5 members of such system who desire coverage under an agree-
 6 ment under this section and the other of which is composed of
 7 positions of members of such system who do not desire such
 8 coverage, shall, if the State or Territory so desires and if it is
 9 provided that there shall be included in such division or part
 10 composed of members desiring such coverage the positions of
 11 individuals who become members of such system after such
 12 coverage is extended, be deemed to be a separate retirement
 13 system with respect to each such division or part.

14 “(D) The position of any individual which is covered by
 15 any retirement system to which subparagraph (C) is appli-
 16 cable shall, if such individual is ineligible to become a mem-
 17 ber of such system on August 1, 1956, or, if later, the day
 18 he first occupies such position, be deemed to be covered
 19 by the separate retirement system consisting of the positions
 20 of members of the division or part who do not desire cover-
 21 age under the insurance system established under this title.

22 “(E) An individual who is in a position covered by a
 23 retirement system to which subparagraph (C) is applicable
 24 and who is not a member of such system but is eligible to

1 become a member thereof shall, for purposes of this subsec-
2 tion (other than paragraph ~~(61)(8)~~ (8)), be regarded as a
3 member of such system; except that, in the case of any retire-
4 ment system a division or part of which is covered under the
5 agreement (either in the original agreement or by a modi-
6 fication thereof), which coverage is agreed to prior to 1960,
7 the preceding provisions of this subparagraph shall apply
8 only if the State so requests and any such individual re-
9 ferred to in such preceding provisions shall, if the State so
10 requests, be treated, after division of the retirement system
11 pursuant to such subparagraph (C), the same as individuals
12 in positions referred to in subparagraph (F).

13 “(F) In the case of any retirement system divided pur-
14 suant to subparagraph (C), the position of any member of
15 the division or part composed of positions of members who
16 do not desire coverage may be transferred to the separate
17 retirement system composed of positions of members who
18 desire such coverage if it is so provided in a modification of
19 such agreement which is mailed, or delivered by other
20 means, to the Secretary prior to 1960 or, if later, the expira-
21 tion of one year after the date on which such agreement, or
22 the modification thereof making the agreement applicable to
23 such separate retirement system, as the case may be, is
24 agreed to, but only if, prior to such modification or such

1 later modification, as the case may be, the individual occu-
2 pying such position files with the State a written request
3 for such transfer.

4 “(G) For the purposes of this subsection, in the case
5 of any retirement system of the State of Florida, Georgia,
6 Minnesota, North Dakota, Pennsylvania, Washington, or
7 the Territory of Hawaii which covers positions of employees
8 of such State or Territory who are compensated in whole
9 or in part from grants made to such State or Territory under
10 title III, there shall be deemed to be, if such State or Terri-
11 tory so desires, a separate retirement system with respect to
12 any of the following:

13 “(i) the positions of such employees;

14 “(ii) the positions of all employees of such State
15 or Territory covered by such retirement system who are
16 employed in the department of such State or Territory
17 in which the employees referred to in clause (i) are
18 employed; or

19 “(iii) employees of such State or Territory cov-
20 ered by such retirement system who are employed in
21 such department of such State or Territory in positions
22 other than those referred to in clause (i).”

23 (2) Paragraph (7) of section 218 (d) of such Act is
24 amended by striking out “(created under the fourth sentence
25 of paragraph (6))” and inserting in lieu thereof “(created

1 under subparagraph (C) of paragraph (6) or the corre-
 2 sponding provision of prior law)”; and by striking out “the
 3 fourth and fifth sentences of paragraph (6)” and inserting
 4 in lieu thereof “subparagraphs (C) and (D) of paragraph
 5 (6) ~~(62)~~ *or the corresponding provision of prior law*”.

6 (3) The second sentence of paragraph (2) of section
 7 218 (k) of such Act is amended by striking out “the pre-
 8 ceding sentence” and inserting in lieu thereof “the first sen-
 9 tence of this paragraph”. The last sentence of such para-
 10 graph is amended by striking out “the fourth sentence of
 11 subsection (d) (6)” and inserting in lieu thereof “sub-
 12 paragraph (C) of subsection (d) (6) ~~(63)~~ *or the corre-*
 13 *sponding provision of prior law*”. Such paragraph is
 14 further amended by inserting after the first sentence the
 15 following new sentence: “An individual who is in a position
 16 covered by a retirement system divided pursuant to the
 17 preceding sentence and who is not a member of such system
 18 but is eligible to become a member thereof shall, for purposes
 19 of this subsection, be regarded as a member of such system.
 20 Coverage under the agreement of any such individual shall
 21 be provided under the same conditions, to the extent prac-
 22 ticable, as are applicable in the case of the States to which
 23 the provisions of subsection (d) (6) (C) apply.”

24 Coverage Under Other Retirement Systems

1 (b) Section 218 (d) of such Act is amended by adding
2 at the end thereof the following new paragraph:

3 “(8) (A) Notwithstanding paragraph (1), if under the
4 provisions of this subsection an agreement is, after December
5 31, 1958, made applicable to service performed in positions
6 covered by a retirement system, service performed by an
7 individual in a position covered by such a system may not be
8 excluded from the agreement because such position is also
9 covered under another retirement system.

10 “(B) Subparagraph (A) shall not apply to service
11 performed by an individual in a position covered under a
12 retirement system if such individual, on the day the agree-
13 ment is made applicable to service performed in positions cov-
14 ered by such retirement system, is not a member of such
15 system and is a member of another system.

16 “(C) If an agreement is made applicable, prior to 1959,
17 to service in positions covered by any retirement system, the
18 preceding provisions of this paragraph shall be applicable
19 in the case of such system if the agreement is modified to so
20 provide.

21 “(D) Except in the case of agreements with the States
22 named in subsection (p) and agreements with interstate
23 instrumentalities, nothing in this paragraph shall authorize

1 the application of an agreement to service in any policeman's
2 or fireman's position."

3 Retroactive Coverage

4 (c) (1) Section 218 (f) of such Act is amended
5 by inserting "(1)" immediately after "(f)", by redesignat-
6 ing clauses (1), (2), (3), and (4) thereof as clauses (A),
7 (B), (C), and (D), respectively, and by adding at the
8 end thereof the following new paragraph:

9 "(2) In the case of service performed by members
10 of any coverage group—

11 "(A) to which an agreement under this section
12 is made applicable, and

13 "(B) with respect to which the agreement, or
14 modification thereof making the agreement so applicable,
15 specifies an effective date earlier than the date of execu-
16 tion of such agreement and such modification, re-
17 spectively,

18 the agreement shall, if so requested by the State, be ap-
19 plicable to such services (to the extent the agreement was
20 not already applicable) performed before such date of execu-
21 tion and after such effective date by any individual as a
22 member of such coverage group if he is such a member on
23 a date, specified by the State, which is earlier than such date

1 of execution, except that in no case may the date so specified
 2 be earlier than the date such agreement or such modification,
 3 as the case may be, is mailed, or delivered by other means,
 4 to the Secretary.”

5 (2) The amendment made by this subsection shall ap-
 6 ply in the case of any agreement, or modification of an
 7 agreement, under section 218 of the Social Security Act,
 8 which is executed after the date of enactment of this Act.

9 (64) *TEACHERS IN THE STATE OF MAINE*

10 *SEC. 316. For the purposes of any modification which*
 11 *might be made after the date of enactment of this Act and*
 12 *prior to July 1, 1960, by the State of Maine of its existing*
 13 *agreement made under section 218 of the Social Security*
 14 *Act, any retirement system of such State which covers posi-*
 15 *tions of teachers and positions of other employees shall, if*
 16 *such State so desires, be deemed (notwithstanding the pro-*
 17 *visions of subsection (d) of such section) to consist of a*
 18 *separate retirement system with respect to the positions of*
 19 *such teachers and a separate retirement system with respect*
 20 *to the positions of such other employees; and for the purposes*
 21 *of this sentence, the term “teacher” shall mean any teacher,*
 22 *principal, supervisor, school nurse, school dietitian, school*

1 *secretary or superintendent employed in any public school,*
 2 *including teachers in unorganized territory.*

3 **(65) POLICEMEN AND FIREMEN OF INTERSTATE INSTRU-**
 4 **MENTALITIES**

5 SEC. 317. Subsection ~~(k)~~ of section 218 of the Social
 6 Security Act is amended by adding at the end thereof the
 7 following new paragraph:

8 “~~(3)~~ Any agreement with any instrumentality of two
 9 or more States entered into pursuant to this Act may,
 10 notwithstanding the provisions of subsection ~~(d)~~ ~~(5)~~ ~~(A)~~
 11 and the references thereto in subsections ~~(d)~~ ~~(1)~~ and ~~(d)~~
 12 ~~(3)~~, apply to service performed by employees of such in-
 13 strumentality in any policeman's or fireman's position covered
 14 by a retirement system, but only upon compliance, to the
 15 extent practicable, with the requirements of subsection ~~(d)~~
 16 ~~(3)~~. For the purpose of the preceding sentence, a retire-
 17 ment system which covers positions of policemen or firemen,
 18 or both, and other positions shall, if the instrumentality con-
 19 cerned so desires, be deemed to be a separate retirement
 20 system with respect to the positions of such policemen or
 21 firemen, or both, as the case may be.”

1 TITLE IV—AMENDMENTS TO THE INTERNAL
2 REVENUE CODE OF 1954

3 CHANGES IN TAX SCHEDULES

4 Self-Employment Income Tax

5 SEC. 401. (a) Section 1401 of the Internal Revenue
6 Code of 1954 (relating to rate of tax on self-employment
7 income) is amended to read as follows:

8 “SEC. 1401. RATE OF TAX.

9 “In addition to other taxes, there shall be imposed for
10 each taxable year, on the self-employment income of every
11 individual, a tax as follows:

12 “(1) in the case of any taxable year beginning
13 after December 31, 1958, and before January 1, 1960,
14 the tax shall be equal to $3\frac{3}{4}$ percent of the amount of
15 the self-employment income for such taxable year;

16 “(2) in the case of any taxable year beginning after
17 December 31, 1959, and before January 1, 1963, the
18 tax shall be equal to $4\frac{1}{2}$ percent of the amount of the
19 self-employment income for such taxable year;

20 “(3) in the case of any taxable year beginning
21 after December 31, 1962, and before January 1, 1966,
22 the tax shall be equal to $5\frac{1}{4}$ percent of the amount of
23 the self-employment income for such taxable year;

24 “(4) in the case of any taxable year beginning
25 after December 31, 1965, and before January 1, 1969,

the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year; and

“(5) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to $6\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year.”

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

“SEC. 3101. RATE OF TAX.

“In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

“(1) with respect to wages received during the calendar year 1959, the rate shall be $2\frac{1}{2}$ percent;

“(2) with respect to wages received during the calendar years 1960 to 1962, both inclusive, the rate shall be 3 percent;

“(3) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be $3\frac{1}{2}$ percent;

“(4) with respect to wages received during the

1 calendar years 1966 to 1968, both inclusive, the rate
2 shall be 4 percent; and

3 “(5) with respect to wages received after Decem-
4 ber 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

5 Tax on Employers

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

9 "SEC. 3111. RATE OF TAX.

10 “In addition to other taxes, there is hereby imposed on
11 every employer an excise tax, with respect to having indi-
12 viduals in his employ, equal to the following percentages of
13 the wages (as defined in section 3121 (a)) paid by him
14 with respect to employment (as defined in section 3121
15 (b)) —

16 “(1) with respect to wages paid during the calen-
17 dar year 1959, the rate shall be $2\frac{1}{2}$ percent;

18 “(2) with respect to wages paid during the calen-
19 dar years 1960 to 1962, both inclusive, the rate shall be
20 3 percent;

21 “(3) with respect to wages paid during the calen-
22 dar years 1963 to 1965, both inclusive, the rate shall be
23 $3\frac{1}{2}$ percent;

24 “(4) with respect to wages paid during the calen-

dar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

“(5) with respect to wages paid after December 31, 1968, the rate shall be $4\frac{1}{2}$ percent.”

Effective Dates

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1958. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1958.

INCREASE IN TAX BASE

Definition of Self-Employment Income

SEC. 402. (a) (1) Subparagraph (B) of section 1402

(b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

“(B) for any taxable year ending after 1954 and before 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and”.

(2) Paragraph (1) of section 1402 (b) of such Code is further amended by adding at the end thereof the following new subparagraph:

“(C) for any taxable year ending after 1958,

1 (i) \$4,800, minus (ii) the amount of the wages
2 paid to such individual during the taxable year; or”.

3 Definition of Wages

4 (b) Section 3121 (a) of such Code (relating to the
5 definition of wages) is amended by striking out “\$4,200”
6 wherever it appears and inserting in lieu thereof “\$4,800”.

7 Federal Service

8 (c) Section 3122 of such Code (relating to Federal
9 service) is amended by striking out “\$4,200” wherever it
10 appears and inserting in lieu thereof “\$4,800”.

11 Refunds

12 (d) (1) Paragraph (1) of section 6413 (c) of such
13 Code is amended to read as follows:

14 “(1) IN GENERAL.—If by reason of an employee
15 receiving wages from more than one employer during a
16 calendar year after the calendar year 1950 and prior to
17 the calendar year 1955, the wages received by him during
18 such year exceed \$3,600, the employee shall be entitled
19 (subject to the provisions of section 31 (b)) to a credit
20 or refund of any amount of tax, with respect to such
21 wages, imposed by section 1400 of the Internal Revenue
22 Code of 1939 and deducted from the employee’s wages
23 (whether or not paid to the Secretary or his delegate),
24 which exceeds the tax with respect to the first \$3,600
25 of such wages received; or if by reason of an employee

1 receiving wages from more than one employer (A)
 2 during any calendar year after the calendar year 1954
 3 and prior to the calendar year 1959, the wages received
 4 by him during such year exceed \$4,200, or (B) during
 5 any calendar year after the calendar year 1958, the
 6 wages received by him during such year exceed
 7 ~~(66)~~\$4,800, *the employee shall be entitled (subject to the*
 8 *provisions of section 31 (b)) to a credit or refund of*
 9 *any amount of tax, with respect to such wages, imposed*
 10 *by section 3101 and deducted from the employee's*
 11 *wages (whether or not paid to the Secretary or his*
 12 *delegate), which exceeds the tax with respect to the*
 13 *first \$4,200 of such wages received in such calendar*
 14 *year after 1954 and before 1959, or which exceeds the*
 15 *tax with respect to the first \$4,800 of such wages*
 16 *received in such calendar year after 1958."*

17 (2) Subparagraph (A) of section 6413 (c) (2) of
 18 such Code is amended to read as follows:

19 " (A) FEDERAL EMPLOYEES.—In the case of
 20 remuneration received from the United States or a
 21 wholly owned instrumentality thereof during any
 22 calendar year, each head of a Federal agency or
 23 instrumentality who makes a return pursuant to
 24 section 3122 and each agent, designated by the head

1 of a Federal agency or instrumentality, who makes
 2 a return pursuant to such section shall, for purposes
 3 of this subsection, be deemed a separate employer,
 4 and the term 'wages' includes for purposes of this
 5 subsection the amount, not to exceed \$3,600 for the
 6 calendar year 1951, 1952, 1953, or 1954, \$4,200
 7 for the calendar year 1955, 1956, 1957, or 1958,
 8 or \$4,800 for any calendar year after 1958, deter-
 9 mined by each such head or agent as constituting
 10 wages paid to an employee."

11 Effective Date

12 (e) The amendments made by subsections (b) and (c)
 13 shall be applicable only with respect to remuneration paid
 14 after 1958.

15 PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

16 General Rule

17 SEC. 403. (a) Section 1402 of the Internal Revenue
 18 Code of 1954 is amended by adding at the end thereof the
 19 following new subsection:

20 " (f) PARTNER'S TAXABLE YEAR ENDING AS THE
 21 RESULT OF DEATH.—In computing a partner's net earnings
 22 from self-employment for his taxable year which ends as a
 23 result of his death (but only if such taxable year ends within,
 24 and not with, the taxable year of the partnership), there
 25 shall be included so much of the deceased partner's distribu-

1 tive share of the partnership's ordinary income or loss for
 2 the partnership taxable year as is not attributable to an
 3 interest in the partnership during any period beginning on
 4 or after the first day of the first calendar month following
 5 the month in which such partner died. For purposes of this
 6 subsection—

7 “(1) in determining the portion of the distributive
 8 share which is attributable to any period specified in the
 9 preceding sentence, the ordinary income or loss of the
 10 partnership shall be treated as having been realized or
 11 sustained ratably over the partnership taxable year; and

12 “(2) the term ‘deceased partner’s distributive
 13 share’ includes the share of his estate or of any other
 14 person succeeding, by reason of his death, to rights with
 15 respect to his partnership interest.”

16 Effective Date

17 (b) (1) Except as provided in paragraph (2), the
 18 amendment made by subsection (a) shall apply only with
 19 respect to individuals who die after the date of the enact-
 20 ment of this Act.

21 (2) In the case of an individual who died after 1955 and
 22 on or before the date of the enactment of this Act, the amend-
 23 ment made by subsection (a) shall apply only if—

24 (A) before January 1, 1960, there is filed a return
 25 (or amended return) of the tax imposed by chapter 2

1 of the Internal Revenue Code of 1954 for the taxable
2 year ending as a result of his death, and

3 (B) in any case where the return is filed solely
4 for the purpose of reporting net earnings from self-em-
5 ployment resulting from the amendment made by sub-
6 section (a), the return is accompanied by the amount
7 of tax attributable to such net earnings.

8 In any case described in the preceding sentence, no interest
9 or penalty shall be assessed or collected on the amount of
10 any tax due under chapter 2 of such Code solely by reason
11 of the operation of section 1402 (f) of such Code.

12 SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

13 SEC. 404. (a) Section 3121 (b) (1) of the Internal
14 Revenue Code of 1954 (relating to definition of employ-
15 ment) is amended to read as follows:

16 “(1) service performed by foreign agricultural
17 workers (A) under contracts entered into in accord-
18 ance with title V of the Agricultural Act of 1949, as
19 amended (65 Stat. 119; 7 U. S. C. 1461–1468), or
20 (B) lawfully admitted to the United States from the
21 Bahamas, Jamaica, and the other British West Indies,
22 or from any other foreign country or possession thereof,
23 on a temporary basis to perform agricultural labor;”.

24 (b) The amendment made by subsection (a) shall
25 apply with respect to service performed after 1958.

1 NONPROFIT ORGANIZATION'S WAIVER CERTIFICATES

2 SEC. 405. (a) Section 3121 (k) (1) of the Internal
3 Revenue Code of 1954 is amended to read as follows:

4 “(1) WAIVER OF EXEMPTION BY ORGANIZA-
5 TION.—

6 “(A) An organization described in section 501
7 (c) (3) which is exempt from income tax under
8 section 501 (a) may file a certificate (in such form
9 and manner, and with such official, as may be pre-
10 scribed by regulations made under this chapter)
11 certifying that it desires to have the insurance sys-
12 tem established by title II of the Social Security
13 Act extended to service performed by its employees
14 and that at least two-thirds of its employees concur
15 in the filing of the certificate. Such certificate may
16 be filed only if it is accompanied by a list contain-
17 ing the signature, address, and social security ac-
18 count number (if any) of each employee who
19 concurs in the filing of the certificate. Such list
20 may be amended at any time prior to the expira-
21 tion of the twenty-fourth month following the calen-
22 dar quarter in which the certificate is filed by filing
23 with the prescribed official a supplemental list or
24 lists containing the signature, address, and social
25 security account number (if any) of each additional

1 employee who concurs in the filing of the certificate.
2 The list and any supplemental list shall be filed in
3 such form and manner as may be prescribed by
4 regulations made under this chapter.

5 “(B) The certificate shall be in effect (for
6 purposes of subsection (b) (8) (B) and for pur-
7 poses of section 210 (a) (8) (B) of the Social
8 Security Act) for the period beginning with which-
9 ever of the following may be designated by the
10 organization:

11 “(i) the first day of the calendar quarter
12 in which the certificate is filed,

13 “(ii) the first day of the calendar quarter
14 succeeding such quarter, or

15 “(iii) the first day of any calendar quarter
16 preceding the calendar quarter in which the
17 certificate is filed, except that, in the case
18 of a certificate filed prior to January 1, 1960,
19 such date may not be earlier than January 1,
20 1956, and in the case of a certificate filed after
21 1959, such date may not be earlier than the
22 first day of the fourth calendar quarter preced-
23 ing the quarter in which such certificate is filed.

24 “(C) In the case of service performed by an
25 employee whose name appears on a supplemental

list filed after the first month following the calendar quarter in which the certificate is filed, the certificate shall be in effect (for purposes of subsection (b) (8) (B) and for purposes of section 210 (a) (8) (B) of the Social Security Act) only with respect to service performed by such individual for the period beginning with the first day of the calendar quarter in which such supplemental list is filed.

“(D) The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years’ advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

“(E) If an organization described in subparagraph (A) employs both individuals who are in

1 positions covered by a pension, annuity, retirement,
2 or similar fund or system established by a State or
3 by a political subdivision thereof and individuals
4 who are not in such positions, the organization shall
5 divide its employees into two separate groups. One
6 group shall consist of all employees who are in
7 positions covered by such a fund or system and (i)
8 are members of such fund or system, or (ii) are
9 not members of such fund or system but are
10 eligible to become members thereof; and the other
11 group shall consist of all remaining employees. An
12 organization which has so divided its employees
13 into two groups may file a certificate pursuant to
14 subparagraph (A) with respect to the employees
15 in one of the groups if at least two-thirds of the
16 employees in such group concur in the filing of the
17 certificate. The organization may also file such a
18 certificate with respect to the employees in the
19 other group if at least two-thirds of the employees
20 in such other group concur in the filing of such
21 certificate.

22 “(F) An organization which filed a certificate
23 under this subsection after 1955 but prior to the
24 enactment of this subparagraph may file a request
25 at any time before 1960 to have such certificate

1 effective, with respect to the service of individuals
2 who concurred in the filing of such certificate
3 (initially or through the filing of a supplemental
4 list) prior to enactment of this subparagraph and
5 who concur in the filing of such new request, for
6 the period beginning with the first day of any
7 calendar quarter preceding the first calendar quarter
8 for which it was effective and following the last
9 calendar quarter of 1955. Such request shall be
10 filed with such official and in such form and manner
11 as may be prescribed by regulations made under
12 this chapter. If a request is filed pursuant to this
13 subparagraph—

14 “(i) for purposes of computing interest
15 and for purposes of section 6651 (relating to
16 addition to tax for failure to file tax return),
17 the due date for the return and payment of the
18 tax for any calendar quarter resulting from the
19 filing of such request shall be the last day of the
20 calendar month following the calendar quarter
21 in which the request is filed; and

22 “(ii) the statutory period for the assess-
23 ment of such tax shall not expire before the
24 expiration of 3 years from such due date.

25 “(G) If a certificate filed pursuant to this para-

1 graph is effective for one or more calendar quarters
2 prior to the quarter in which the certificate is filed,
3 then—

4 “(i) for purposes of computing interest
5 and for purposes of section 6651 (relating to
6 addition to tax for failure to file tax return), the
7 due date for the return and payment of the tax
8 for such prior calendar quarters resulting from
9 the filing of such certificate shall be the last
10 day of the calendar month following the calen-
11 dar quarter in which the certificate is filed; and

12 “(ii) the statutory period for the assess-
13 ment of such tax shall not expire before the
14 expiration of 3 years from such due date.”

15 (b) Section 3121 (b) (8) (B) of the Internal Reve-
16 nue Code of 1954 is amended to read as follows:

17 “(B) service performed in the employ of a
18 religious, charitable, educational, or other organiza-
19 tion described in section 501 (c) (3) which is
20 exempt from income tax under section 501 (a),
21 but this subparagraph shall not apply to service per-
22 formed during the period for which a certificate, filed
23 pursuant to subsection (k) (or the corresponding
24 subsection of prior law), is in effect if such service
25 is performed by an employee—

“ (i) whose signature appears on the list
filed by such organization under subsection (k)
(or the corresponding subsection of prior law) ,

“ (ii) who became an employee of such
organization after the calendar quarter in which
the certificate (other than a certificate referred
to in clause (iii)) was filed, or

“ (iii) who, after the calendar quarter in
which the certificate was filed with respect to a
group described in section 3121 (k) (1) (E) ,
became a member of such group,

except that this subparagraph shall apply with re-
spect to service performed by an employee as a
member of a group described in section 3121 (k)
(1) (E) with respect to which no certificate is in
effect;”.

(c) The amendments made by subsections (a) and (b)
shall apply with respect to certificates filed under section
3121 (k) (1) of the Internal Revenue Code of 1954 after
the date of enactment of this Act ~~(67)~~ *and requests filed*
under subparagraph (F) of such section after such date.

EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

SEC. 406. Section 6334 (a) of the Internal Revenue
Code of 1954 (relating to enumeration of property exempt

1 from levy) is amended by adding at the end thereof the
2 following new paragraph:

3 “(4) UNEMPLOYMENT BENEFITS.—Any amount
4 payable to an individual with respect to his unemploy-
5 ment (including any portion thereof payable with re-
6 spect to dependents) under an unemployment compensa-
7 tion law of the United States, of any State or Territory,
8 or of the District of Columbia or of the Commonwealth
9 of Puerto Rico.”

10 TITLE V—AMENDMENTS RELATING TO PUBLIC
11 ASSISTANCE

12 OLD-AGE ASSISTANCE

13 SEC. 501. Subsection (a) of section 3 of the Social
14 Security Act is amended to read as follows:

15 “(a) From the sums appropriated therefor, the Secre-
16 tary of the Treasury shall pay to each State which has an
17 approved plan for old-age assistance, for each quarter, be-
18 ginning with the quarter commencing October 1, 1958,
19 (1) in the case of any State other than Puerto Rico,
20 the Virgin Islands, and Guam, an amount equal to the
21 sum of the following proportions of the total amounts ex-
22 pended during such quarter as old-age assistance under the
23 State plan (including expenditures for insurance premiums
24 for medical or any other type of remedial care or the cost
25 thereof) —

1 “(A) four-fifths of such expenditures, not counting
 2 so much of any expenditure with respect to any month
 3 as exceeds the product of \$30 multiplied by the total
 4 number of recipients of old-age assistance for such
 5 month (which total number, for purposes of this
 6 (68)elause and elause ~~(B)~~ and for purposes of elause
 7 ~~(2)~~ subsection, means (i) the number of individuals
 8 who received old-age assistance in the form of money
 9 payments for such month, plus (ii) the number of other
 10 individuals with respect to whom expenditures were
 11 made in such month as old-age assistance in the form of
 12 medical or any other type of remedial care) ; plus

13 “(B) the Federal percentage of the amount by
 14 which such expenditures exceed the maximum which
 15 may be counted under clause (A), ~~but~~ not counting
 16 so much of any expenditure with respect to any month
 17 as exceeds the product of (69)\$66 \$65 multiplied by
 18 the total number of such recipients of old-age assist-
 19 ance for such month;

20 and (2) in the case of Puerto Rico, the Virgin Islands, and
 21 Guam, an amount equal to one-half of the total of the sums
 22 expended during such quarter as old-age assistance under
 23 the State plan (including expenditures for insurance pre-
 24 miums for medical or any other type of remedial care or
 25 the cost thereof), not counting so much of any expenditure

1 with respect to any month as exceeds ~~(70)\$36~~ \$35 multiplied
 2 by the total number of recipients of old-age assistance for such
 3 month; and (3) in the case of any State, an amount equal
 4 to one-half of the total of the sums expended during such
 5 quarter as found necessary by the Secretary of Health, Edu-
 6 cation, and Welfare for the proper and efficient administra-
 7 tion of the State plan, including services which are provided
 8 by the staff of the State agency (or of the local agency
 9 administering the State plan in the political subdivision)
 10 to applicants for and recipients of old-age assistance to help
 11 them attain self-care.”

12 AID TO DEPENDENT CHILDREN

13 SEC. 502. Subsection (a) of section 403 of the Social
 14 Security Act is amended to read as follows:

15 “(a) From the sums appropriated therefor, the Secre-
 16 tary of the Treasury shall pay to each State which has an
 17 approved plan for aid to dependent children, for each quarter,
 18 beginning with the quarter commencing October 1, 1958,
 19 (1) in the case of any State other than Puerto Rico,
 20 the Virgin Islands, and Guam, an amount equal to
 21 the sum of the following proportions of the total amounts
 22 expended during such quarter as aid to dependent children
 23 under the State plan (including expenditures for insurance
 24 premiums for medical or any other type of remedial care or
 25 the cost thereof) —

1 “(A) ~~(71)~~~~five-sixths~~ *fourteen-seventeenths* of such
 2 expenditures, not counting so much of any expenditure
 3 with respect to any month as exceeds the product of
 4 ~~(72)~~~~\$18~~ *\$17* multiplied by the total number of recipients
 5 of aid to dependent children for such month (which
 6 total number, for purposes of this ~~(73)~~~~clause and clause~~
 7 ~~(B)~~ and for purposes of clause ~~(2)~~ *subsection*, means
 8 (i) the number of individuals with respect to whom
 9 aid to dependent children in the form of money
 10 payments is paid for such month, plus (ii) the number
 11 of other individuals with respect to whom expenditures
 12 were made in such month as aid to dependent children
 13 in the form of medical or any other type of remedial
 14 care) ; plus

15 “(B) the Federal percentage of the amount by
 16 which such expenditures exceed the maximum which
 17 may be counted under clause (A) , ~~(74)~~~~but~~ not counting
 18 so much of any expenditure with respect to any month
 19 as exceeds the product of ~~(75)~~~~\$33~~ *\$30* multiplied by
 20 the total number of recipients of aid to dependent
 21 children for such month;

22 and (2) in the case of Puerto Rico, the Virgin Islands,
 23 and Guam, an amount equal to one-half of the total of the
 24 sums expended during such quarter as aid to dependent
 25 children under the State plan (including expenditures for

1 insurance premiums for medical or any other type of
2 remedial care or the cost thereof), not counting so much
3 of any expenditure with respect to any month as exceeds
4 \$18 multiplied by the total number of recipients of aid to
5 dependent children for such month; and (3) in the case
6 of any State, an amount equal to one-half of the total of the
7 sums expended during such quarter as found necessary by
8 the Secretary of Health, Education, and Welfare for the
9 proper and efficient administration of the State plan, in-
10 cluding services which are provided by the staff of the State
11 agency (or of the local agency administering the State plan
12 in the political subdivision) to relatives with whom such
13 children (applying for or receiving such aid) are living,
14 in order to help such relatives attain self-support or self-
15 care, or which are provided to maintain and strengthen
16 family life for such children.”

17 AID TO THE BLIND

18 SEC. 503. Subsection (a) of section 1003 of the Social
19 Security Act is amended to read as follows:

20 “(a) From the sums appropriated therefor, the Secre-
21 tary of the Treasury shall pay to each State which has an
22 approved plan for aid to the blind, for each quarter, begin-
23 ning with the quarter commencing October 1, 1958, (1)
24 in the case of any State other than Puerto Rico, the Virgin
25 Islands, and Guam, an amount equal to the sum of the fol-

1 lowing proportions of the total amounts expended during such
 2 quarter as an aid to the blind under the State plan (including
 3 expenditures for insurance premiums for medical or any other
 4 type of remedial care or the cost thereof) —

5 “(A) four-fifths of such expenditures, not counting
 6 so much of any expenditure with respect to any month
 7 as exceeds the product of \$30 multiplied by the total
 8 number of recipients of aid to the blind for such month
 9 (which total number, for purposes of this ~~(76)~~ clause and
 10 clause ~~(B)~~ and for purposes of clause ~~(2)~~ subsection,
 11 means (i) the number of individuals who received aid to
 12 the blind in the form of money payments for such month,
 13 plus (ii) the number of other individuals with respect
 14 to whom expenditures were made in such month as
 15 aid to the blind in the form of medical or any other
 16 type of remedial care) ; plus

17 “(B) the Federal percentage of the amount by
 18 which such expenditures exceed the maximum which
 19 may be counted under clause (A) , ~~(77)~~ but not counting
 20 so much of any expenditure with respect to any month
 21 as exceeds the product of ~~(78)~~ \$66 \$65 multiplied by the
 22 total number of such recipients of aid to the blind for such
 23 month;

24 and (2) in the case of Puerto Rico, the Virgin Islands, and

1 Guam, an amount equal to one-half of the total of the sums
 2 expended during such quarter as aid to the blind under the
 3 State plan (including expenditures for insurance premiums
 4 for medical or any other type of remedial care or the cost
 5 thereof), not counting so much of any expenditure with re-
 6 spect to any month as exceeds ~~(79)~~\$36 35 multiplied by the
 7 total number of recipients of aid to the blind for such month;
 8 and (3) in the case of any State, an amount equal to one-half
 9 of the total of the sums expended during such quarter as
 10 found necessary by the Secretary of Health, Education, and
 11 Welfare for the proper and efficient administration of the
 12 State plan, including services which are provided by the staff
 13 of the State agency (or of the local agency administering the
 14 State plan in the political subdivision) to applicants for and
 15 recipients of aid to the blind to help them attain self-support
 16 or self-care.”

17 AID TO THE PERMANENTLY AND TOTALLY DISABLED

18 SEC. 504. Subsection (a) of section 1403 of the Social
 19 Security Act is amended to read as follows:

20 “(a) From the sums appropriated therefor, the Secre-
 21 tary of the Treasury shall pay to each State which has an
 22 approved plan for aid to the permanently and totally dis-
 23 abled, for each quarter, beginning with the quarter com-
 24 mencing October 1, 1958, (1) in the case of any State other

1 than Puerto Rico, the Virgin Islands, and Guam, an amount
 2 equal to the sum of the following proportions of the total
 3 amounts expended during such quarter as aid to the per-
 4 manently and totally disabled under the State plan (including
 5 expenditures for insurance premiums for medical or any other
 6 type of remedial care or the cost thereof) —

7 “(A) four-fifths of such expenditures, not counting
 8 so much of any expenditure with respect to any month as
 9 exceeds the product of \$30 multiplied by the total
 10 number of recipients of aid to the permanently and
 11 totally disabled for such month (which total number, for
 12 purposes of this ~~(80)~~ clause and clause ~~(B)~~ and for pur-
 13 poses of clause ~~(2)~~ subsection, means (i) the number of
 14 individuals who received aid to the permanently and to-
 15 tally disabled in the form of money payments for such
 16 month, plus (ii) the number of other individuals with
 17 respect to whom expenditures were made in such month
 18 as aid to the permanently and totally disabled in the
 19 form of medical or any other type of remedial care);
 20 plus

21 “(B) the Federal percentage of the amount by
 22 which such expenditures exceed the maximum which
 23 may be counted under clause (A), ~~(81)~~ but not counting
 24 so much of any expenditure with respect to any month

1 as exceeds the product of ~~(82)~~~~\$66~~ \$65 multiplied by the
 2 total number of such recipients of aid to the permanently
 3 and totally disabled for such month;
 4 and (2) in the case of Puerto Rico, the Virgin Islands, and
 5 Guam, an amount equal to one-half of the total of the sums
 6 expended during such quarter as aid to the permanently
 7 and totally disabled under the State plan (including ex-
 8 penditures for insurance premiums for medical or any other
 9 type of remedial care or the cost thereof), not counting
 10 so much of any expenditure with respect to any month as ex-
 11 ceeds ~~(83)~~~~\$36~~ \$35 multiplied by the total number of recipi-
 12 ents of aid to the permanently and totally disabled for such
 13 month; and (3) in the case of any State, an amount equal to
 14 one-half of the total of the sums expended during such
 15 quarter as found necessary by the Secretary of Health,
 16 Education, and Welfare for the proper and efficient admin-
 17 istration of the State plan, including services which are
 18 provided by the staff of the State agency (or of the local
 19 agency administering the State plan in the political sub-
 20 division) to applicants for and recipients of aid to the per-
 21 manently and totally disabled to help them attain self-sup-
 22 port or self-care."

23 FEDERAL MATCHING PERCENTAGE

24 SEC. 505. Subsection (a) of section 1101 of the Social

1 Security Act is amended by adding at the end thereof the fol-
2 lowing new paragraph :

3 “ (8) (A) The ‘Federal percentage’ for any State
4 (other than Puerto Rico, the Virgin Islands, and Guam)
5 shall be 100 per centum less the State percentage; and
6 the State percentage shall be that percentage which
7 bears the same ratio to 50 per centum as the square of
8 the per capita income of such State bears to the square
9 of the per capita income of the continental United States
10 (excluding Alaska) ; except that (i) the Federal per-
11 centage shall in no case be less than 50 per centum or
12 more than ~~(84)~~70 75 per centum, and (ii) the Federal
13 percentage shall be 50 per centum for Alaska and
14 Hawaii.

15 “ (B) The Federal percentage for each State (other
16 than Puerto Rico, the Virgin Islands, and Guam) shall
17 be promulgated by the Secretary between July 1 and
18 August 31 of each even-numbered year, on the basis of
19 the average per capita income of each State and of the
20 continental United States (excluding Alaska) for the
21 three most recent calendar years for which satisfactory
22 data are available from the Department of Commerce.
23 Such promulgation shall be conclusive for each of the
24 eight quarters in the period beginning July 1 next suc-

ceeding such promulgation: *Provided*, That the Secretary shall promulgate such percentage as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the eleven quarters in the period beginning October 1, 1958, and ending with the close of June 30, 1961."

EXTENSION TO GUAM

SEC. 506. Section 1101 (a) (1) of the Social Security Act is amended by striking out "Puerto Rico and the Virgin Islands" and inserting in lieu thereof "Puerto Rico, the Virgin Islands, and Guam".

INCREASE IN LIMITATIONS ON PUBLIC ASSISTANCE PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 507. (a) Section 1108 of the Social Security Act is amended by striking out "\$5,312,500" and "\$200,000" and inserting in lieu thereof "\$8,500,000" and "\$300,000", respectively, by striking out "and" immediately following the semicolon, and by adding immediately before the period at the end thereof "; and the total amount certified by the Secretary under such titles for payment to Guam with respect to any fiscal year shall not exceed \$400,000".

(b) The heading of such section is amended to read

1 “LIMITATION ON PAYMENTS TO PUERTO RICO, (85)THE
2 VIRGIN ISLANDS, AND GUAM”.

3 MATERNAL AND CHILD WELFARE GRANTS FOR GUAM

4 SEC. 508. Such section 1108 is further amended by
5 adding at the end thereof the following new sentence: “Not-
6 withstanding the provisions of sections 502 (a) (2), 512
7 (a) (2), and 522 (a), and until such time as the Congress
8 may by appropriation or other law otherwise provide, the
9 Secretary shall, in lieu of the \$60,000, \$60,000, and
10 \$60,000, respectively, specified in such sections, allot such
11 smaller amounts to Guam as he may deem appropriate.”

12 TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS
13 RELATING TO STATE PLANS FOR AID TO THE BLIND

14 SEC. 509. Section 344 (b) of the Social Security Act
15 Amendments of 1950 (Public Law 734, Eighty-first Con-
16 gress), as amended, is amended by striking out “June 30,
17 1959” and inserting in lieu thereof “June 30, 1961”.

18 (86)SPECIAL PROVISION FOR CERTAIN INDIANS REPEALED

19 SEC. 510. Effective in the case of payments with respect
20 to expenditures by States, under plans approved under title
21 I, IV, or X of the Social Security Act, for quarters beginning
22 after September 30, 1958, section 9 of the Act of April 19,
23 1950, as amended (25 U. S. C. 639), is repealed.

1 TECHNICAL AMENDMENT

2 SEC. ~~(86 $\frac{1}{2}$)514~~ 510. Section 2 (a) (11) of the Social
3 Security Act is amended by inserting before the period at
4 the end thereof “, including a description of the steps taken
5 to assure, in the provision of such services, maximum utiliza-
6 tion of other agencies providing similar or related services”.

7 ~~(87)~~PAYMENTS TO LEGAL REPRESENTATIVES

8 SEC. 511. (a) Title XI of the Social Security Act is
9 amended by adding after section 1110 the following new
10 section:

11 “PUBLIC ASSISTANCE PAYMENTS TO LEGAL
12 REPRESENTATIVES

13 “SEC. 1111. For purposes of titles I, IV, X, and XIV,
14 payments on behalf of an individual, made to another person
15 who has been judicially appointed, under the law of the State
16 in which such individual resides, as legal representative of
17 such individual for the purpose of receiving and managing
18 such payments (whether or not he is such individual’s legal
19 representative for other purposes), shall be regarded as money
20 payments to such individuals.”

21 (b) The amendment made by subsection (a) shall be
22 applicable in the case of payments to legal representatives by
23 any State made after June 30, 1958; and to such payments
24 by any State made after December 31, 1955, and prior to

1 *July 1, 1958, if certifications for payment to such State have*
2 *been made by the Secretary of Health, Education, and Wel-*
3 *fare with respect thereto, or such State has presented to the*
4 *Secretary a claim (and such other data as the Secretary may*
5 *require) with respect thereto, prior to July 1, 1959.*

6 EFFECTIVE DATES

7 SEC. ~~512~~ 511. Notwithstanding the provisions of sections
8 305 and 345 of the Social Security Amendments of 1956,
9 as amended, the amendments made by sections 501, 502,
10 503, 504, 505, and 506 shall be effective—

11 (1) in the case of money payments, under a State
12 plan approved under title I, IV, X, or XIV of the
13 Social Security Act, for months after September 1958,
14 and

15 (2) in the case of assistance in the form of medical
16 or any other type of remedial care, under such a plan,
17 with respect to expenditures made after September
18 1958.

19 The amendment made by section 506 shall also become
20 effective, for purposes of title V of the Social Security Act,
21 for fiscal years ending after June 30, 1959. The amend-
22 ments made by section 507 shall be effective for fiscal years
23 ending after June 30, 1958. The amendment made by

1 section 508 shall be effective for fiscal years ending after
2 June 30, 1959. The amendment made by section 510 shall
3 become effective October 1, 1958.

4 TITLE VI—MATERNAL AND CHILD WELFARE

5 CHILD WELFARE SERVICES

6 SEC. 601. Part 3 of title V of the Social Security Act
7 is amended to read as follows:

8 “PART 3—CHILD-WELFARE SERVICES

9 “APPROPRIATION

10 “SEC. 521. For the purpose of enabling the United
11 States, through the Secretary, to cooperate with State public-
12 welfare agencies in establishing, extending, and strengthen-
13 ing public-welfare services (hereinafter in this title referred
14 to as ‘child-welfare services’) for the protection and care of
15 homeless, dependent, and neglected children, and children
16 in danger of becoming delinquent, there is hereby authorized
17 to be appropriated for each fiscal year, beginning with the
18 fiscal year ending June 30, 1959, the sum of \$17,000,000.

19 “ALLOTMENTS TO STATES

20 “SEC. 522. (a) The sums appropriated for each fiscal
21 year under section 521 shall be allotted by the Secretary
22 for use by cooperating State public-welfare agencies which
23 have plans developed jointly by the State agency and the
24 Secretary, as follows: He shall allot to each State such por-

1 tion of \$60,000 as the amount appropriated under section
2 521 for such year bears to the amount authorized to be so
3 appropriated; and he shall allot to each State an amount
4 which bears the same ratio to the remainder of the sums so
5 appropriated for such year as the product of (1) the popula-
6 tion of such State under the age of 21 and (2) the allot-
7 ment percentage of such State (as determined under section
8 524) bears to the sum of the corresponding products of all
9 the States.

10 “(b) (1) If the amount allotted to a State under sub-
11 section (a) for any fiscal year is less than such State's base
12 allotment, it shall be increased to such base allotment, the total
13 of the increases thereby required being derived by propor-
14 tionately reducing the amount allotted under subsection (a)
15 to each of the remaining States, but with such adjustments
16 as may be necessary to prevent the allotment of any such
17 remaining State under subsection (a) from being thereby
18 reduced to less than its base allotment.

19 “(2) For purposes of paragraph (1) the base allot-
20 ment of any State for any fiscal year means the amount
21 which would be allotted to such State for such year under
22 the provisions of section 521, as in effect prior to the enact-
23 ment of the Social Security Amendments of 1958, as applied
24 to an appropriation of \$12,000,000.

1 "PAYMENT TO STATES

2 "SEC. 523. (a) From the sums appropriated therefor
3 and the allotment available under ~~(88)section 522~~ *this part*,
4 the Secretary shall from time to time pay to each State with
5 a plan for child-welfare services developed as provided in
6 ~~(89)such section 522~~ *this part* an amount equal to the Fed-
7 eral share (as determined under section 524) of the total
8 sum expended under such plan (including the cost of adminis-
9 tration of the plan) in meeting the costs of district, county, or
10 other local child-welfare services, in developing State services
11 for the encouragement and assistance of adequate methods of
12 community child-welfare organization, in paying the costs of
13 returning any runaway child who has not attained the age
14 of eighteen to his own community in another State, and of
15 maintaining such child until such return (for a period not
16 exceeding fifteen days), in cases in which such costs cannot
17 be met by the parents of such child or by any person, agency,
18 or institution legally responsible for the support of such child:
19 *Provided*, That in developing such services for children the
20 facilities and experience of voluntary agencies shall be utilized
21 in accordance with child-care programs and arrangements
22 in the States and local communities as may be authorized by
23 the State.

24 " (b) The method of computing and paying such amounts
25 shall be as follows:

1 “(1) The Secretary shall, prior to the beginning of each
2 period for which a payment is to be made, estimate the
3 amount to be paid to the State for such period under the
4 provisions of subsection (a).

5 “(2) From the allotment available therefor, the Secre-
6 tary shall pay the amount so estimated, reduced or increased,
7 as the case may be, by any sum (not previously adjusted
8 under this section) by which he finds that his estimate of the
9 amount to be paid the State for any prior period under this
10 section was greater or less than the amount which should
11 have been paid thereunder to the State for such prior period.

12 “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

13 “SEC. 524. (a) The ‘allotment percentage’ for any
14 State shall be 100 per centum less the State percentage;
15 and the State percentage shall be that percentage which
16 bears the same ratio to 50 per centum as the per capita in-
17 come of such State bears to the per capita income of the con-
18 tinental United States (excluding Alaska); except that
19 (A) the allotment percentage shall in no case be less than
20 30 per centum or more than 70 per centum, and (B) the
21 allotment percentage shall be 50 per centum in the case of
22 Alaska and 70 per centum in the case of Puerto Rico, the
23 Virgin Islands, and Guam.

24 “(b) For the fiscal year ending June 30, 1960,
25 and each year thereafter, the ‘Federal share’ for any State

1 shall be 100 per centum less that percentage which bears
2 the same ratio to 50 per centum as the per capita income of
3 such State bears to the per capita income of the continental
4 United States (excluding Alaska), except that (1) in no
5 case shall the Federal share be less than $33\frac{1}{3}$ per centum
6 or more than $66\frac{2}{3}$ per centum, and (2) the Federal share
7 shall be 50 per centum in the case of Alaska and $66\frac{2}{3}$ per
8 centum in the case of Puerto Rico, the Virgin Islands, and
9 Guam. For the fiscal year ending June 30, 1959, the
10 Federal share shall be determined pursuant to the provisions
11 of section 521 as in effect prior to the enactment of the
12 Social Security Amendments of 1958.

13 “(c) The Federal share and the allotment percentage
14 for each State shall be promulgated by the Secretary between
15 July 1 and August 31 of each even-numbered year, on the
16 basis of the average per capita income of each State and of
17 the continental United States (excluding Alaska) for the
18 three most recent calendar years for which satisfactory data
19 are available from the Department of Commerce. Such
20 promulgation shall be conclusive for each of the two fiscal
21 years in the period beginning July 1 next succeeding such
22 promulgation: *Provided*, That the Secretary shall promul-
23 gate such Federal shares and allotment percentages as soon
24 as possible after the enactment of the Social Security Amend-

1 ments of 1958, which promulgation shall be conclusive for
2 each of the 3 fiscal years in the period ending June 30, 1961.

3 "REALLOTMENT

4 "SEC. 525. The amount of any allotment to a State
5 under section 522 for any fiscal year which the State certifies
6 to the Secretary will not be required for carrying out the
7 State plan developed as provided in such section shall be
8 available for realloiment from time to time, on such dates as
9 the Secretary may fix, to other States which the Secretary
10 determines (1) have need in carrying out their State plans
11 so developed for sums in excess of those previously allotted
12 to them under that section and (2) will be able to use such
13 excess amounts during such fiscal year. Such realloiments
14 shall be made on the basis of the State plans so developed,
15 after taking into consideration the population under the age
16 of twenty-one, and the per capita income of each such
17 State as compared with the population under the age of
18 twenty-one, and the per capita income of all such States
19 with respect to which such a determination by the Secretary
20 has been made. Any amount so reallocated to a State shall
21 be deemed part of its allotment under section 522."

22 MATERNAL AND CHILD HEALTH

23 SEC. 602. (a) Section 501 of such Act is amended by
24 striking out "for the fiscal year ending June 30, 1951, the

1 sum of \$15,000,000, and for each fiscal year beginning after
2 June 30, 1951, the sum of \$16,500,000” and inserting in
3 lieu thereof “for each fiscal year beginning after June 30,
4 1958, the sum of \$21,500,000”.

5 (b) Section 502 (a) (2) of such Act is amended by
6 striking out “for each fiscal year beginning after June 30,
7 1951, the ~~(90)~~*Federal Security* Administrator shall allot
8 \$8,250,000 as follows: He shall allot to each State \$60,000
9 and shall allot to each State such part of the remainder
10 of the \$8,250,000” and inserting in lieu thereof “for each
11 fiscal year beginning after June 30, 1958, the Secretary
12 shall allot \$10,750,000 as follows: He shall allot to each
13 State \$60,000 (even though the amount appropriated for
14 such year is less than \$21,500,000), and shall allot each
15 State such part of the remainder of the \$10,750,000”.

16 (c) Section 502 (b) of such Act is amended by
17 striking out “the fiscal year ending June 30, 1951, the
18 sum of \$7,500,000, and for each fiscal year beginning after
19 June 30, 1951, the sum of \$8,250,000” and inserting in
20 lieu thereof “each fiscal year beginning after June 30, 1958,
21 the sum of \$10,750,000”.

22 CRIPPLED CHILDREN’S SERVICES

23 SEC. 603. (a) Section 511 of such Act is amended by
24 striking out “for the fiscal year ending June 30, 1951, the
25 sum of \$12,000,000, and for each fiscal year beginning

1 after June 30, 1951, the sum of \$15,000,000” and inserting
 2 in lieu thereof “for each fiscal year beginning after June 30,
 3 1958, the sum of \$20,000,000”.

4 (b) Section 512 (a) (2) of such Act is amended by
 5 striking out “for each fiscal year beginning after June 30,
 6 1951, the (91)*Federal Security* Administrator shall allot
 7 \$7,500,000 as follows: He shall allot to each State \$60,000,
 8 and shall allot the remainder of the \$7,500,000” and inserting
 9 in lieu thereof “for each fiscal year beginning after June 30,
 10 1958, the Secretary shall allot \$10,000,000 as follows: He
 11 shall allot to each State \$60,000 (even though the amount
 12 appropriated for such year is less than \$20,000,000) and
 13 shall allot the remainder of the \$10,000,000”.

14 (c) Section 512 (b) of such Act is amended by strik-
 15 ing out “the fiscal year ending June 30, 1951, the sum of
 16 \$6,000,000, and for each fiscal year beginning after June
 17 30, 1951, the sum of \$7,500,000” and inserting in lieu
 18 thereof “each fiscal year beginning after June 30, 1958, the
 19 sum of \$10,000,000”.

20 TITLE VII—MISCELLANEOUS PROVISIONS

21 FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH,

22 EDUCATION, AND WELFARE

23 SEC. 701. Section 1106 (b) of the Social Security Act
 24 is amended to read as follows:

25 “(b) Requests for information, disclosure of which is

1 authorized by regulations prescribed pursuant to subsection
 2 (a) of this section, and requests for services, may, subject
 3 to such limitations as may be prescribed by the Secretary to
 4 avoid undue interference with his functions under this Act,
 5 be complied with if the agency, person, or organization
 6 making the request agrees to pay for the information or serv-
 7 ices requested in such amount, if any (not exceeding the cost
 8 of furnishing the information or services), as may be deter-
 9 mined by the Secretary. Payments for information or serv-
 10 ices furnished pursuant to this section shall be made in ad-
 11 vance or by way of reimbursement, as may be requested by
 12 the Secretary, and shall be deposited in the Treasury as a
 13 special deposit to be used to reimburse the appropriations
 14 (including authorizations to make expenditures from the
 15 Federal Old-Age and Survivors Insurance Trust Fund and
 16 the Federal Disability Insurance Trust Fund) for the unit
 17 or units of the Department of Health, Education, and Wel-
 18 fare which furnished the information or services."

19 **(92) COVERAGE FOR CERTAIN EMPLOYEES OF TAX EXEMPT**
 20 **ORGANIZATIONS WHICH PAID TAX**

21 **SEC. 702. (a)** Section 403 (a) (1) of the Social
 22 Security Amendments of 1954 is amended by striking out
 23 "has failed to file prior to the enactment of the Social Security
 24 Amendments of 1956" and inserting in lieu thereof "did

1 not have in effect, during the entire period in which the
2 individual was so employed.”

3 (b) Section 403 (a) (3) of the Social Security
4 Amendments of 1954 is amended by inserting “performed
5 during the period in which such organization did not have
6 a valid waiver certificate” after “service”.

7 (c) Section 403 (a) (5) of the Social Security
8 Amendments of 1954 is amended by inserting “without
9 knowledge that a waiver certificate was necessary, or” after
10 “in good faith and”.

11 MEANING OF TERM “SECRETARY”

12 SEC. (93)702 702. As used in the provisions of the So-
13 cial Security Act amended by this Act, the terms “Secretary”,
14 unless the context otherwise requires, means the Secretary of
15 Health, Education, and Welfare.

16 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL- 17 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND 18 DISABILITY INSURANCE

19 SEC. (94)704 703. Section 1 (q) of the Railroad Re-
20 tirement Act of 1937, as amended, is amended by striking
21 out “1957” and inserting in lieu thereof “1958”.

22 (95)ADVISORY COUNCIL ON PUBLIC ASSISTANCE

23 SEC. 704. (a) There is hereby established an Advisory
24 Council on Public Assistance for the purpose of reviewing

1 *the status of the public assistance program in relation to the*
2 *old-age, survivors, and disability insurance program, the*
3 *fiscal capacities of the States and the Federal Government, and*
4 *any other factors bearing on the amount and proportion of*
5 *the Federal and States shares in the public assistance*
6 *program.*

7 *(b) The Council shall be appointed by the Secretary*
8 *before January 1959 without regard to the civil-service laws*
9 *and shall consist of the Commissioner of Social Security, as*
10 *chairman, and of twelve other persons who shall, to the extent*
11 *possible, represent employers and employees in equal numbers,*
12 *persons concerned with the administration or financing of the*
13 *State and Federal programs, other persons with special*
14 *knowledge, experience, or qualifications with respect to the*
15 *program, and the public.*

16 *(c) (1) The Council is authorized to engage such techni-*
17 *cal assistance, as may be required to carry out its functions,*
18 *and the Secretary shall, in addition, make available to the*
19 *Council such secretarial, clerical, and other assistance and*
20 *such other pertinent data prepared by the Department of*
21 *Health, Education, and Welfare as it may require to carry*
22 *out such functions.*

23 *(2) Members of the Council, while serving on business*
24 *of the Council (inclusive of travel time), shall receive com-*
25 *pensation at rates fixed by the Secretary, but not exceeding*

1 \$50 per day; and shall be entitled to receive actual and neces-
2 sary traveling expenses and per diem in lieu of subsistence
3 while so serving away from their places of residence.

4 (d) The Council shall make a report of its findings and
5 recommendations (including recommendations for changes in
6 the provisions of sections 3, 403, 1003, and 1403 of the Social
7 Security Act) to the Secretary and the Congress, such report
8 to be submitted not later than January 1, 1960, after which
9 date such Council shall cease to exist.

10 **(96)ADVISORY COUNCIL ON CHILD WELFARE SERVICES**

11 SEC. 705. (a) There is hereby established an Advisory
12 Council on Child Welfare Services for the purpose of making
13 recommendations and advising the Secretary of Health,
14 Education, and Welfare in connection with the effectuation
15 of the provisions of part 3 of title V of the Social Security
16 Act, as amended by the Social Security Amendments of
17 1958.

18 (b) The Council shall be appointed by the Secretary
19 before January 1959, without regard to the civil-service laws,
20 and shall consist of twelve persons representative of public,
21 voluntary, civic, religious, and professional welfare organiza-
22 tions and groups, or other persons with special knowledge,
23 experience, or qualifications with respect to child-welfare
24 services, and the public.

25 (c) (1) The Secretary shall make available to the

1 Council such secretarial, clerical, and other assistance and
2 such other pertinent data prepared by the Department of
3 Health, Education, and Welfare as it may require to carry
4 out such functions.

5 (2) Members of the Council, while serving on business
6 of the Council (inclusive of travel time), shall receive com-
7 pensation at rates fixed by the Secretary, but not exceeding
8 \$50 per day; and shall be entitled to receive actual and nec-
9 essary traveling expenses and per diem in lieu of subsist-
10 ence while so serving away from their places of residence.

11 (d) The Council shall make a report of its findings and
12 recommendations (including recommendations for changes
13 in the provisions of part 3 of title V of the Social Security
14 Act) to the Secretary and to the Congress on or before Jan-
15 uary 1, 1960, after which date such Council shall cease to
16 exist.

Passed the House of Representatives July 31, 1958.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments August 16, 1958.

Attest: FELTON M. JOHNSTON,
Secretary.

AN ACT

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 16, 1958

Ordered to be printed with the amendments of the
Senate numbered

HOUSE - August 19, 1958

18. SOCIAL SECURITY. Agreed to Senate amendments to H. R. 13549, to increase certain benefits under the Federal old-age, survivors, and disability insurance system. This bill will now be sent to the President. pp. 16934-8
19. EDUCATION. Appointed conferees on H. R. 13247, the proposed National Defense Education Act of 1958. pp. 16938-9, 16942-50
Rep. Porter criticized the absence of social scientists from the recent appointments to the National Science Foundation Board, and urged greater research effort into the social sciences. pp. 16986-9
20. SCHOOL LUNCHES. Passed as reported S. 1764, to authorize payment of the cost of free lunches for needy children in the D. C. public schools. p. 16958
21. MINERALS. Began debate on S. 4036, to stabilize the production of minerals by direct payments to producers. pp. 16959-81
22. SALINE WATER. Received the conference report on S. J. Res. 135, to authorize the Interior Department to construct and operate demonstration plants to produce water for consumptive uses from saline and brackish waters (H. Rept. 2764). The Conference Committee deleted the Virgin Islands as a location for a plant, and stated that demonstration plants will be placed in the Northern Great Plains, in the arid Southwest, and one each on the three coasts: Atlantic, Gulf, and Pacific. pp. 16981-2, 16993
23. SUPPLEMENTAL APPROPRIATION BILL, 1959. Received the conference report on this bill, H. R. 13450 (H. Rept. 2677). pp. 16939-41, 16993
Attached is a table reflecting the actions of the conferees as they affect this Department.
The conferees also recommended an appropriation of \$2,830,000 instead of \$2,750,000 as proposed by the House and \$2,850,000 as proposed by the Senate for the administration of the Ryuku Islands, under the Army Department, with an authorization for the President to transfer any of this work to other Departments.
An item of \$2,915,000 for the Office of Defense and Civilian Mobilization was reported in disagreement.

ITEMS IN APPENDIX

24. WATER RESOURCES. Extension of remarks of Sen. Johnson commending the work of the Lower Colorado River Authority, and inserting an article on this subject. p. A7415
25. WHEAT. Sen. Neuberger inserted an editorial describing the support in Oregon for a two-price plan for wheat. pp. A7422-3
26. WATERSHEDS. Rep. Kee inserted her statement in support of soil and water conservation programs. pp. A7432-3
27. HUMANE SLAUGHTER. Rep. Multer inserted an article favoring passage of the humane slaughter bill and expressing hope that the President will sign it. p. A7438
28. FARM CENSUS. Rep. Hagen inserted an article, "Census Shows Recession Slows Move From Farms." pp. A7439-40

BILLS INTRODUCED

29. DAIRY. H. R. 13800, by Rep. Johnson, to provide for the mandatory price support through March 31, 1962, for milk used in manufactured dairy products and for butterfat; to maintain the productive capacity of our dairy farming industry; to promote the orderly marketing of an adequate national supply of milk and dairy products; to encourage increased domestic consumption of dairy products in the interest of national health and security; to Agriculture Committee. Remarks of author. pp. 16922-5
30. LANDS. H. R. 13802, by Rep. Poage, to amend sec. 7 of the act of August 18, 1941, to provide that 75 percent of all moneys derived by the U. S. from certain recreational activities in connection with lands acquired for flood control and other purposes shall be paid to the State; to validate certain payments; to Public Works Committee.
31. FOREIGN TRADE. H. R. 13805, by Rep. Curtis, Mo., to establish a U. S. Trading Corporation to meet the challenge of attempted Soviet penetration of world markets; to Foreign Affairs Committee. Remarks of author. pp. 16925-7
32. FARM MACHINERY. S. Res. 384, by Sen. Langer, to make a full and complete study and investigation of the causes of the increased prices of farm machinery, farm equipment, farm trucks, and the necessary replacement parts of the aforementioned; to Judiciary Committee.
33. LOANS: REA. S. Res. 385, by Sen. Langer, to make a full and complete study and investigation of the Comptroller General's holding in a letter to the Secretary of Agriculture, dated July 21, 1958 (B-134138), relating to the use of loan funds under the rural electrification program; to Judiciary Committee.
34. EDUCATION. S. 4315, by Sen. Jenner, to authorize the legislatures of the several States to determine whether such States shall participate in programs providing for Federal grants to such States or their inhabitants; to Government Operations Committee. Remarks of author. pp. 17127-9

BILL APPROVED BY THE PRESIDENT

35. SURPLUS FOOD DONATIONS. H. R. 13268, which authorizes the Commodity Credit Corporation to purchase flour and cornmeal for donation purposes, rather than entering into a contract to have flour and cornmeal milled from grain in the CCC inventory, and authorizes CCC to sell an equivalent amount of wheat and corn to offset such purchases of flour and cornmeal. Approved August 19, 1958 (Public Law 85-683, 85th Congress).

House of Representatives

TUESDAY, AUGUST 19, 1958

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Deuteronomy 5: 33: *Ye shall walk in all the ways which the Lord your God hath commanded you, that ye may live and that it may be well with you.*

Most merciful and gracious God, Thou art daily bidding us to walk in the ways of Thy commandments, to love Thee and love our fellow men.

Grant that the legislative programs, which the Congress is seeking to enact, may redound to Thy glory and bring a larger measure of prosperity and happiness to our country and all mankind.

We beseech Thee that every law on our statute books may be an expression of Thy wise and holy will and of our longing to build a better world.

May we stand in the noble succession of all who, in every generation, have labored for the coming of the day of brotherhood and good will.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on August 19, 1958, the President approved and signed bills of the House of the following titles:

H. R. 11933. An act to provide for the conveyance of interests of the United States in and to uranium, thorium, and other materials in certain tracts of land situated in Jackson County, Miss.;

H. R. 12938. An act to provide for the conveyance of an interest of the United States in and to fissionable materials in a tract of land in Leon County, Fla.;

H. R. 13268. An act authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes; and

H. R. 13482. An act to amend the Atomic Energy Act of 1954, as amended.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 10360. An act to amend title V of the Agricultural Act of 1949, as amended; and

H. R. 11630. An act to amend title XV of the Social Security Act to extend the unemployment insurance system to ex-service-men, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 109. An act to incorporate the Jewish War Veterans, U. S. A., National Memorial, Inc.;

H. R. 469. An act to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes;

H. R. 912. An act to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine;

H. R. 4642. An act to establish a Commission and Advisory Committee on International Rules of Judicial Procedure;

H. R. 5497. An act to amend the Watershed Protection and Flood Prevention Act;

H. R. 7860. An act to amend section 1 of the act of July 24, 1956 (70 Stat. 625), entitled "To provide that payments be made to certain members of the Pine Ridge Sioux Tribe of Indians as reimbursement for damages suffered as the result of the establishment of the Pine Ridge aerial gunnery range";

H. R. 8943. An act to amend titles 10, 14, and 32, United States Code, to codify recent military law, and to improve the code;

H. R. 9822. An act to provide for holding a White House Conference on Aging to be called by the President of the United States before September 30, 1960, to be planned and conducted by the Secretary of Health, Education, and Welfare with the assistance and cooperation of other departments and agencies represented on the Federal Council on Aging; to assist the several States in conducting similar conferences on aging prior to the White House Conference on Aging; and for related purposes;

H. R. 11889. An act to permit articles imported from foreign countries for the purpose of exhibition at the Minnesota State Fair and Centennial Exposition to be held at St. Paul, Minn., to be admitted without payment of tariff, and for other purposes;

H. R. 12126. An act to provide further protection against the introduction and dissemination of livestock diseases, and for other purposes;

H. R. 12662. An act to provide for the acquisition of lands by the United States required for the reservoir created by the construction of Oahe Dam on the Missouri River and for rehabilitation of the Indians of the Standing Rock Sioux Reservation in South Dakota and North Dakota, and for other purposes;

H. R. 12663. An act to provide for additional payments to the Indians of the Lower Brule Sioux Reservation, S. Dak., whose lands have been acquired for the Fort Randall Dam and Reservoir project, and for other purposes;

H. R. 12670. An act to provide for additional payments to the Indians of the Crow Creek Sioux Reservation, South Dakota, whose lands have been acquired for the Fort Randall Dam and Reservoir project, and for other purposes;

H. R. 12808. An act to amend the Federal-Aid Highway Act of 1958 to extend for an

additional 2 years the estimate of cost of completing the Interstate System;

H. R. 12883. An act to provide for certain improvements relating to the Capitol Power Plant and its distribution systems; and

H. J. Res. 648. Joint resolution providing for a joint session of Congress for commemorating the 150th anniversary of the birth of Abraham Lincoln.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 13549. An act to increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. MARTIN of Pennsylvania, Mr. WILLIAMS, and Mr. FLANDERS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 12226) entitled "An act to amend the Virgin Islands Corporation Act (63 Stat. 350), and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JACKSON, Mr. ANDERSON, and Mr. KUCHEL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 448. An act for the relief of Maria Lorena;

S. 449. An act for the relief of Johann Kalatschak;

S. 453. An act for the relief of Peter Menzer;

S. 951. An act for the relief of Stasys Sereika;

S. 1885. An act for the relief of David Forbes;

S. 1913. An act to amend the Code of Law for the District of Columbia by modifying the provisions relating to the attachment and garnishment of wages, salaries, and commissions of judgment debtors, and for other purposes;

S. 1944. An act for the relief of Ethel Auth;

S. 1945. An act for the relief of Jakob Liblang, Jr.

S. 2186. An act for the relief of Martin Albert;

S. 2469. An act for the relief of Dr. Brant Bonner;

S. 3009. An act to amend the Immigration and Nationality Act to accord Korean War veterans equal naturalization privileges;

S. 3268. An act to amend the National Science Foundation Act of 1950, as amended, and for other purposes;

S. 3338. An act for the relief of Erminio Neglia;

S. 3503. An act for the relief of Marie Inette Konomos;

S. 3523. An act for the relief of Benedict Eremenko (Ben Zuke) and Victor Tatarnikov (Victor Kalln);

S. 3565. An act for the relief of Ellen B. Mueller;

S. 3571. An act to provide for equal treatment of all State-owned hydroelectric power projects with respect to the taking over of such projects by the United States;

S. 3944. An act to authorize the negotiation of a compact between the State of Minnesota and the Province of Manitoba, Canada, for the development of a highway to provide access to the northwest angle in such State;

S. 4032. An act for the relief of Mercede Svaldi;

S. 4169. An act to amend the act of June 10, 1938, relating to participation by the United States in the International Criminal Police Organization;

S. 4179. An act to authorize the Tahchevah Creek project, Palm Springs, Calif.;

S. 4213. An act to afford vocational rehabilitation to certain veterans in need

thereof to overcome the handicap of disability incurred in or aggravated by active service subsequent to January 31, 1955;

S. 4214. An act for the relief of Mary F. C. Leute, the widow of Joseph Henry Leute;

S. 4248. An act to encourage and stimulate the production of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes;

S. 4273. An act to provide for cooperation with the European Atomic Energy Community;

S. Con. Res. 37. Concurrent resolution favoring congressional recognition of the Baseball Hall of Fame, located at Coopers-town, N. Y.;

S. Con. Res. 111. Concurrent resolution to print the final report of the Subcommittee on Disarmament of the Committee on Foreign Relations as a Senate document, with additional copies; and

S. Con. Res. 116. Concurrent resolution to approve agreement between the Government of the United States and the European Atomic Energy Community (Euratom) concerning cooperation to advance the peaceful application of atomic energy.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 4071. An act to provide more effective price, production adjustment, and marketing programs for various agricultural commodities.

The message further announced that the Senator from New York, Mr. JAVITS, had been appointed a conferee on the bill (H. R. 7785) entitled "An act to provide for the appointment of an additional judge for the Juvenile Court of the District of Columbia" in place of the Senator from Kentucky, Mr. MORTON, excused.

SOCIAL SECURITY AMENDMENTS OF 1958

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust fund of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The clerk read the title of the bill. The clerk read the Senate amendments, as follows:

Page 3, strike out all after line 2 over to and including table on page 4 and insert:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I "(Primary insurance benefit under 1939 Act, as modified)"		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)	I "(Primary insurance benefit under 1939 Act, as modified)"		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—"		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	"If an individual's primary insurance benefit (as determined under subsec. (d)) is—"		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—"	But not more than—"	At least—"	But not more than—"	At least—"	But not more than—"			"At least—"	But not more than—"	At least—"	But not more than—"	At least—"	But not more than—"		
	\$10.00		\$30.00		\$54	\$33	\$53.00		\$29.26		\$65.00		\$133	\$70	\$108.80
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00	29.69	30.36	65.90	66.80	137	141	71	112.80
10.49	11.00	31.10	32.00	57	58	35	55.00	30.37	30.92	66.90	67.70	142	146	72	116.80
11.01	11.48	32.10	33.00	59	60	36	56.00	30.93	31.36	67.80	68.60	147	150	73	120.00
11.49	12.00	33.10	34.00	61	61	37	57.00	31.37	32.00	68.70	69.60	151	155	74	124.00
12.01	12.48	34.10	35.00	62	63	38	58.00	32.01	32.60	69.70	70.50	156	160	75	128.00
12.49	13.00	35.10	36.00	64	65	39	59.00	32.61	33.20	70.60	71.40	161	164	76	131.20
13.01	13.48	36.10	37.00	66	67	40	60.00	33.21	33.88	71.50	72.40	165	169	77	135.20
13.49	14.00	37.10	38.00	68	69	41	61.50	33.89	34.50	72.50	73.30	170	174	78	139.20
14.01	14.48	38.10	39.00	70	70	42	63.00	34.51	35.00	73.40	74.20	175	178	79	142.40
14.49	15.00	39.10	40.00	71	72	43	64.50	35.01	35.80	74.30	75.20	179	183	80	146.40
15.01	15.60	40.10	41.00	73	74	44	66.00	35.81	36.40	75.30	76.10	184	188	81	150.40
15.61	16.20	41.10	42.00	75	76	45	67.50	36.41	37.08	76.20	77.10	189	193	82	154.40
16.21	16.84	42.10	43.00	77	78	46	69.00	37.09	37.60	77.20	78.00	194	197	83	157.70
16.85	17.60	43.10	44.00	79	80	47	70.50	37.61	38.20	78.10	78.90	198	202	84	161.60
17.61	18.40	44.10	45.00	81	81	48	72.00	38.21	39.12	79.00	79.90	203	207	85	165.60
18.41	19.24	45.10	46.00	82	83	49	73.50	39.13	39.68	80.00	80.80	208	211	86	168.80
19.25	20.00	46.10	47.00	84	85	50	75.00	39.69	40.33	80.90	81.70	212	216	87	172.80
20.01	20.64	47.10	48.00	86	87	51	76.50	40.34	41.12	81.80	82.70	217	221	88	176.80
20.65	21.28	48.10	49.00	88	89	52	78.00	41.13	41.76	82.80	83.60	222	225	89	180.00
21.29	21.88	49.10	50.00	90	90	53	79.50	41.77	42.44	83.70	84.50	226	230	90	184.00
21.89	22.28	50.10	50.90	91	92	54	81.00	42.45	43.20	84.60	85.50	231	235	91	188.00
22.29	22.68	51.00	51.80	93	94	55	82.50	43.21	43.76	85.60	86.40	236	239	92	191.20
22.69	23.08	51.90	52.80	95	96	56	84.00	43.77	44.44	86.50	87.30	240	244	93	195.20
23.09	23.44	52.90	53.70	97	97	57	85.50	44.45	44.88	87.40	88.30	245	249	94	199.20
23.45	23.76	53.80	54.60	98	99	58	87.00	44.89	45.60	88.40	89.20	250	253	95	202.40
23.77	24.20	54.70	55.60	100	101	59	88.50			89.30	90.10	254	258	96	206.40
24.21	24.60	55.70	56.60	102	102	60	90.00			90.20	91.10	259	263	97	210.40
24.61	25.00	56.60	57.40	103	104	61	91.50			91.20	92.00	264	267	98	213.60
25.01	25.48	57.50	58.40	105	106	62	93.00			92.10	92.90	268	272	99	217.60
25.49	25.92	58.50	59.30	107	107	63	94.50			93.00	93.90	273	277	100	221.60
25.93	26.40	59.40	60.20	108	109	64	96.00			94.00	94.80	278	281	101	224.80
26.41	26.94	60.30	61.20	110	113	65	97.50			94.90	95.80	282	286	102	228.80
26.95	27.46	61.30	62.10	114	118	66	99.00			95.90	96.70	287	291	103	232.80
27.47	28.00	62.20	63.00	119	122	67	100.50			96.80	97.60	292	295	104	236.00
28.01	28.68	63.10	64.00	123	127	68	102.00			97.70	98.60	296	300	105	240.00
28.69	29.25	64.10	64.90	128	132	69	103.50			98.70	99.50	301	305	106	244.00

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)	"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—	"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—			"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
		\$99.60	\$100.40	\$306	\$309	\$107	\$247.20					\$357	\$361	\$118	\$254.00
		100.50	101.40	310	314	108	251.20					362	365	119	254.00
		101.50	102.30	315	319	109	254.00					366	370	120	254.00
		102.40	103.20	320	323	110	254.00					371	375	121	254.00
		103.30	104.20	324	328	111	254.00					376	379	122	254.00
		104.30	105.10	329	333	112	254.00					380	384	123	254.00
		105.20	106.00	334	337	113	254.00					385	389	124	254.00
		106.10	107.00	338	342	114	254.00					390	393	125	254.00
		107.10	107.90	343	347	115	254.00					394	398	126	254.00
		108.00	108.50	348	351	116	254.00					399	400	127	254.00"
				352	356	117	254.00								

Page 4, line 2, after "(b)" insert: (1).

Page 5, line 8, strike out all after "after" down to and including "enacted," in line 10 and insert "December 1958".

Page 5, line 11, strike out "second."

Page 5, line 15, strike out "second."

Page 5, line 19, strike out "second."

Page 5, line 22, strike out "(4).'" and insert "(4); or.")

Page 5, after line 22, insert:

"(E) who files an application for a recomputation under subparagraph (B) of section 102 (f) (2) of the Social Security Amendments of 1954 after such month and is (or would, but for the fact that such recomputation would not result in a higher primary insurance amount for such individual, be) entitled to have his primary insurance amount recomputed under such subparagraph."

Page 6, line 13, strike out "who—".

Page 6, line 14, after "'(A)" insert "who."

Page 6, line 15, strike out all after "223" down to and including line 17, and insert "or died prior to January 1959, and."

Page 6, line 18, strike out "died prior to such third month" and insert "to whom the provisions of paragraph (5) of subsection (b) are not applicable."

Page 9, line 17, after "(1)" insert "and section 223 (b)."

Page 9, lines 19 and 20, strike out "the second month following the month in which the Social Security Amendments of 1958 were enacted" and insert "December 1958."

Page 10, line 15, after "(1)" insert "and section 223 (b)."

Page 10, line 19, strike out all after "to" down to and including "enacted" in line 21 and insert "January 1959."

Page 10, line 21, strike out "uninterruptedly."

Page 11, line 11, strike out "smallest" and insert "smaller."

Page 11, lines 24 and 25, strike out "the second month following the month in which this act is enacted" and insert "December 1958."

Page 12, line 2, strike out "second."

Page 12, lines 7 and 8, strike out "the second month after the month in which this act is enacted" and insert "December 1958."

Page 12, lines 9 and 10, strike out "the third month after the month in which this act is enacted" and insert "January 1959."

Page 12, strike out all after line 19 over to and including line 9 on page 13 and insert:

"(1) In the case of any individual to whom the provisions of subsection (b) (5) of section 215 of the Social Security Act, as amended by this act, are applicable and on the basis of whose wages and self-employment income benefits are payable for months prior to January 1959, his primary insurance amount for purposes of benefits for such prior months shall, if based on an application for such benefits or for a recomputation of such amount, as the case may be, filed after December 1958, be determined under such section 215, as in effect prior to the enactment of this act, and, if such individual's primary insurance amount as so determined is larger than the primary insurance amount determined for him under section 215 as amended by this act, such larger primary insurance amount (increased to the next higher dollar if it is not a multiple of a dollar), shall for months after December 1958 be his primary insurance amount for purposes of such section 215 (and of the other provisions) of the Social Security Act as amended by this act in lieu of the amount determined without regard to this subsection."

Page 17, line 13, strike out "without interruption."

Page 18, line 24, strike out "coverage." and insert "coverage; except that the provisions of subparagraph (A) of this paragraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such subparagraph, begin prior to 1951."

Page 19, line 21, strike out all after "husband" down to and including line 23 and insert "is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits."

Page 21, line 3, strike out all after "wife" down to and including "benefits" in line 5 and insert "is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits."

Page 22, line 22, strike out all after "the" where it appears the second time over to and including "entitled" in line 1 on page 23 where it appears the first time and insert "first month for which such individual is not entitled to such benefits unless such individual is, for such later month."

Page 26, line 12, strike out all after "under" down to including "insurance" in line 21 and insert "section 203 (b) (1) or (2), under section 203 (c), or under section 222 (b)."

(4) Such paragraph is further amended by striking out "(A), (B), and (C)" in the material following subparagraph (C) and inserting in lieu thereof "(A), (B), (C), and (D)", by redesignating subparagraph (C) as subparagraph (D), by inserting "and" at the end of subparagraph (B) and by adding after such subparagraph (B) the following new subparagraph:

"(C) the number equal to the number of months for which such."

Page 27, line 6, after "ing" insert "a comma and."

Page 27, line 7, strike out "benefits" and insert "benefits."

Page 27, lines 23 and 24, strike out "inserting 'or disability' immediately after 'old-age'" and insert "striking out 'or' immediately preceding '(3)' and by inserting 'or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits,' immediately after 'section.'"

Page 28, line 11, strike out "benefit" and insert "benefit."

Page 28, line 13, strike out "benefits" and insert "benefits."

Page 28, line 14, strike out "entitled" and insert "entitled."

Page 29, line 12, strike out "202" and insert "202."

Page 30, line 10, strike out "subsection (k)" and insert "subsections (k) and (m)."

Page 30, line 15, strike out "subsection (k)" and insert "subsections (k) and (m)."

Page 37, line 13, after "died" insert "or the date of enactment of this act."

Page 38, line 3, after "303." insert "(a)."

Page 38, strike out line 11 and insert "is not, and upon filing application therefor in the month in which he died would not be, entitled to benefits for such month on the basis of his wages and self-employment income."

Page 38, after line 22, insert:

"(b) The paragraph (3) added to such section 202 (g) by H. R. 5411, 85th Congress, is hereby repealed effective with respect to benefits payable for any month following the month in which this act is enacted."

Page 43, line 5, strike out "death" and insert "death."

Page 45, line 7, strike out "death" and insert "death."

Page 46, line 15, strike out "entitled" and insert "entitled."

Page 47, line 15, strike out "entitled" and insert "entitled."

Page 47, line 17, before "mother's" insert "such."

Page 48, line 16, strike out all after "under" down to and including "payable" in line 19 and insert "subsection (d) or (g) of section 202 of the Social Security Act for months in any taxable year, of the individual to whom the person entitled to such benefits is married."

Page 50, line 12, strike out "for all such months of such year."

Page 53, strike out all after line 19 over to and including line 20 on page 54.

Page 54, line 23, strike out "312" and insert "311."

Page 55, line 11, strike out "313" and insert "312."

Page 56, line 17, strike out "314" and insert "313."

Page 58, line 4, strike out "315" and insert "314."

Page 58, lines 6 and 7, strike out "and section 215 (d)."

Page 59, line 11, after "202" insert "(f) or."

Page 59, line 12, strike out "by a parent." Page 62, line 7, strike out "316" and insert "315."

Page 63, line 8, after "Tennessee," insert "Vermont."

Page 63, line 11, strike out "subparagraph" and insert "subparagraph."

Page 64, line 9, strike out "(8)" and insert "(8)."

Page 66, line 12, after "(6)" insert "or the corresponding provision of prior law."

Page 66, line 19, after "(6)" insert "or the corresponding provision of prior law."

Page 69, after line 9, insert:

"TEACHERS IN THE STATE OF MAINE"

"SEC. 316. For the purposes of any modification which might be made after the date of enactment of this act and prior to July 1, 1960, by the State of Maine of its existing agreement made under section 218 of the Social Security Act, any retirement system of such State which covers positions of teachers and positions of other employees shall, if such State so desires, be deemed (notwithstanding the provisions of subsection (d) of such section) to consist of a separate retirement system with respect to the positions of such teachers and a separate retirement system with respect to the positions of such other employees; and for the purposes of this sentence, the term 'teacher' shall mean any teacher, principal, supervisor, school nurse, school dietitian, school secretary or superintendent employed in any public school, including teachers in unorganized territory."

"Page 69, strike out all after line 9 over to and including line 3 on page 70.

Page 75, line 10, after "exceed" insert "\$4,800, the employee shall not be entitled (subject to the."

Page 85, line 24, after "act" insert "and requests filed under subparagraph (F) of such section after such date."

Page 87, lines 8 and 9, strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection."

Page 87, line 20, strike out "\$66" and insert "\$65."

Page 88, line 4, strike out "\$36" and insert "\$35."

Page 89, line 4, strike out "five-sixths" and insert "fourteen-sevenths."

Page 89, line 6, strike out "\$18" and insert "\$17."

Page 89, line 9, strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection."

Page 89, line 19, strike out "but."

Page 89, line 21, strike out "\$33" and insert "\$30."

Page 91, lines 11 and 12, strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection."

Page 91, line 21, strike out "but."

Page 91, line 23, strike out "\$66" and insert "\$65."

Page 92, line 7, strike out "\$36" and insert "\$35."

Page 93, lines 12 and 13, strike out "clause and clause (B) and for purposes of clause (2)" and insert "subsection."

Page 93, line 22, strike out "but."

Page 93, line 24, strike out "\$66" and insert "\$65."

Page 94, line 10, strike out "\$36" and insert "\$35."

Page 95, line 10, strike out "70" and insert "75."

Page 96, line 20, after "Rico," insert "the."

Page 97, strike out lines 13 to 18, inclusive.

Page 97, line 20, strike out "511" and insert "510."

Page 97, after line 24, insert

"PAYMENTS TO LEGAL REPRESENTATIVES"

"SEC. 511. (a) Title XI of the Social Security Act is amended by adding after section 1110 following new section:

"PUBLIC ASSISTANCE PAYMENTS TO LEGAL REPRESENTATIVES"

"SEC. 1111. For purposes of titles I, IV, X, and XIV, payments on behalf of an individual, made to another person who has been judicially appointed, under the law of the State in which such individual resides, as legal representative of such individual for the purpose of receiving and managing such payments (whether or not he is such individual's legal representative for other purposes), shall be regarded as money payments to such individual."

"(b) The amendment made by subsection (a) shall be applicable in the case of payments to legal representatives by any State made after June 30, 1958; and to such payments by any State made after December 31, 1955, and prior to July 1, 1958, if certifications for payment to such State have been made by the Secretary of Health, Education, and Welfare with respect thereto, or such State has presented to the Secretary a claim (and such other data as the Secretary may require) with respect thereto, prior to July 1, 1959."

Page 100, line 20, strike out "section 522" and insert "this part."

Page 100, lines 22 and 23, strike out "such section 522" and insert "this part."

Page 104, line 21, after "the" insert "Federal Security."

Page 105, line 20, after "the" insert "Federal Security."

Page 107, strike out lines 9 to 24, inclusive.

Page 108, line 2, strike out "703" and insert "702."

Page 108, line 9, strike out "704" and insert "703."

Page 108, after line 11, insert:

"ADVISORY COUNCIL ON PUBLIC ASSISTANCE"

"SEC. 704. (a) There is hereby established an Advisory Council on Public Assistance for the purpose of reviewing the status of the public assistance program in relation to the old-age, survivors, and disability insurance program, the fiscal capacities of the States and the Federal Government, and any other factors bearing on the amount and proportion of the Federal and States shares in the public assistance program."

"(b) The Council shall be appointed by the Secretary before January 1959 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as Chairman, and of 12 other persons who shall, to the extent possible, represent employers and employees in equal numbers, persons concerned with the administration or financing of the State and Federal programs, other persons with special knowledge, experience, or qualifications with respect to the program, and the public."

"(c) (1) The Council is authorized to engage such technical assistance, as may be required to carry out its functions, and the Secretary shall, in addition, make available

to the Council such secretarial, clerical, and other assistance and such other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

"(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence."

"(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the provisions of sections 3, 403, 1003, and 1403 of the Social Security Act) to the Secretary and the Congress, such report to be submitted not later than January 1, 1960, after which date such Council shall cease to exist."

Page 108, after line 11, insert:

"ADVISORY COUNCIL ON CHILD WELFARE SERVICES"

"SEC. 705. (a) There is hereby established an Advisory Council on Child Welfare Services for the purpose of making recommendations and advising the Secretary of Health, Education, and Welfare in connection with the effectuation of the provisions of part 3 of title V of the Social Security Act, as amended by the Social Security Amendments of 1958."

"(b) The Council shall be appointed by the Secretary before January 1959, without regard to the civil-service laws, and shall consist of 12 persons representative of public, voluntary, civic, religious, and professional welfare organizations and groups, or other persons with special knowledge, experience, or qualifications with respect to child-welfare services, and the public."

"(c) (1) The Secretary shall make available to the Council such secretarial, clerical, and other assistance and such other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions."

"(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence."

"(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the provisions of part 3 of title V of the Social Security Act) to the Secretary and to the Congress on or before January 1, 1960, after which date such Council shall cease to exist."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. REED], and I, and other Members who desire to do so, may extend their remarks at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MILLS. Mr. Speaker, the substantive amendments made by the Senate to H. R. 13549, the Social Security Amendments of 1958, are relatively few

in number. I have certain general observations to make relative to the actions of the Senate and some of the considerations which I understand were involved in connection with the amendments, but before doing so I will summarize and explain briefly precisely what the substantive amendments were in order that Members of the House may be aware of the action which has been taken.

First, I will outline the amendments which were made by the other body to the old-age, survivors, and disability insurance provisions of the bill. There were only three substantive amendments to this part of the bill.

First, and most important, under the House-passed bill the benefit increases of 7 percent—with a minimum of \$3—would have been effective for months following the second month following the month of enactment. Under the Senate version, the benefit increases will be effective for January 1959, and the first checks in the increased amounts will go out early in February.

Second, under the House-passed bill provision is made for payment of benefits to a child, if at the time of the worker's death the child was a member of the worker's household, if the child was not being supported by any other person, and if the worker's spouse adopts the child within 2 years after the worker's death. Under the House version there could be a case where the worker had died several years ago and where all of these conditions were met except that the widow has not completed adoption of the child, in which event since the 2 years condition had not been met the child could not receive any benefits. Under the Senate amendment there will be afforded a period of 2 years from the date of enactment of the bill for the qualification of such child. That is, there will be a further opportunity of 2 years from date of enactment for adoption proceedings to be completed. It is my understanding that only a relatively few cases would be affected by this.

Third, the Senate added an amendment the purpose of which is to facilitate the extension of social security coverage to employees of certain municipalities in the State of Maine until July 1, 1960. It is my understanding that only a few hundred teachers in the State of Maine are involved in this amendment.

While the foregoing are the only real substantive amendments to the old-age, survivors, and disability insurance provisions of the bill, I should mention that technical amendments were made so as to coordinate this measure with legislative action taken by the Congress several days ago with respect to several minor social security amendments. Inasmuch as no substantive changes are involved, I will not burden this discussion by going into details relative to these technical and conforming amendments. Next, I will explain an amendment which was made to those provisions of the House bill relating to child welfare services.

A Senate amendment provides for the establishment of an Advisory Council

on Child Welfare Services to be appointed by the Secretary of Health, Education, and Welfare before January 1959, for the purpose of making recommendations and advising the Secretary in connection with the effectuation of that provision of the bill which extends child welfare services to urban areas as well as rural areas. Senator PURTELL, the sponsor of the amendment, explained on the floor that the purpose of this council is to assure that there will be an effective coordination between public agencies and existing voluntary organizations and associations performing services in urban areas. He stated that "Duplication of effort could well result in waste of both money and time to the detriment of all agencies. In order to avert any such situation arising, and to utilize to the fullest extent the existing voluntary agencies and the public agencies now existing or that might well be created or expanded by this program, I suggest that we provide the machinery to help direct and assess the progress of the program initiated by the change in the law." The council is to be composed of 12 members representing public, voluntary, civic, religious, and professional welfare organizations and the public.

Finally, the Senate amended the public-assistance provisions of the bill in several respects.

As may be recalled, under the new formula for assistance expenditures for the aged, blind, and disabled, contained in the House-passed bill, the Federal share would be four-fifths of the first \$30 of the average monthly assistance expenditure as under present law, and the Federal participation in the assistance expenditures made above these maximums, within the ceiling of \$66, would be 50 percent for States whose per capita income was equal to or above the average per capita income for the United States and would range upward to 70 percent for States whose per capita income is below the national average. First, a Senate amendment reduces the range on the variable matching provision from 50-70 percent to 50-65 percent. In other words, the 70 percent was changed to 65 percent. Second, a Senate amendment reduced the maximum matchable payment for the aged, blind, and disabled, the so-called Federal "ceiling," from \$66 to \$65, and the maximum for aid to dependent children recipients from \$33 to \$30. Third, a Senate amendment reduced the Federal share of aid to dependent children payments from five-sixths of the first \$18 to fourteen-seventeenth of the first \$17. It is understood that these three changes would affect savings so as to reduce the estimated cost of the public-assistance formulas from \$288 million in the House version of the bill to \$197 million in the Senate version.

There are three other Senate amendments to the public-assistance provisions of the bill which should be explained.

A provision was included to authorize the establishment of an Advisory Council on Public Assistance, consisting of the Commissioner of Social Security and 12 other members to be appointed by the

Secretary of Health, Education, and Welfare to review the status of the public-assistance program in relation to old-age, survivors, and disability insurance program, the fiscal capacities of the States and the Federal Government, and any other factors bearing on the amount and proportion of the Federal and States' shares in the program. The Council is directed to report its findings and recommendations not later than January 1, 1960, to the Secretary and the Congress.

Second, an amendment was adopted to facilitate payment of public-assistance funds in instances where the recipient is legally incompetent or where, for one reason or another, he is unable to handle his own affairs. This amendment provides that for purposes of title I, IV, X, and XV payments on behalf of an individual, made to another person who has been judicially appointed under the law of the State in which such individual resides, as legal representative of such individual for the purpose of receiving and managing such payments—whether or not he is such individual's legal representative for other purposes shall be regarded as money payments to such individual. It is our understanding that this will give effect to the laws in certain specific States, particularly Texas and Louisiana, which provide for the appointment of a legal representative to receive public-assistance payments in behalf of an incompetent person, even though those State laws do not make this person a general guardian for all other purposes.

Third, a Senate amendment removes from the bill the provision which the House bill contained which would have repealed certain provisions of existing law relating to public assistance to Navaho and Hopi Indians residing on reservations or on allotted trust lands.

The foregoing are the substantive amendments which were made by the other body. The balance of the amendments consist of numerous technical, clerical, and conforming amendments which I need not explain here.

The public assistance provisions in the bill are the result of very careful consideration and study. The new formula is a sound and important improvement in the law. We had the benefit of the best technical advice of the experts from the Department of Health, Education, and Welfare in developing the new formula and also the best technical advice of the State welfare directors.

Secretary Fleming has indicated that there are three elements in the new formula which greatly improve the program—namely, first, changing the individual matching maximum to an average; second, combining the individual money maximum and the medical care maximum into one figure; and third, relating the Federal grants to the fiscal ability of the States by the use of per capita income.

Secretary Fleming indicated that if the Congress were going to make any changes in the public assistance formula, the one included is the soundest that could be devised.

On several occasions President Eisenhower has recommended that Federal grants be based upon the fiscal ability of the States. He made such a recommendation with respect to vocational rehabilitation and with respect to education. The Commission on Intergovernmental Relations, which he appointed also has so recommended. Recognizing, however, that there may be some modifications that might be necessary in the proposed public assistance formula, the provision was added, as I have indicated, establishing an advisory council on public assistance for the purpose of reviewing the status of the programs in relation to the insurance program, the fiscal capacities of the States and the Federal Government, and any other factors bearing on the amount and proportion of the Federal and State shares in the public assistance programs.

As chairman of the Committee on Ways and Means, I can say that the committee will give careful consideration to any recommendations made by this council and we will give very careful study to how the new amendments work out both with respect to their effect in the various States and with respect to the Federal legislation.

Mr. Speaker, this is sound and meritorious legislation which will be of great benefit to millions of American citizens.

Mr. REED. Mr. Speaker, I have concurred in the action to have the House agree with the Senate amendments to H. R. 13549, the Social Security Amendments of 1958. While these amendments are 96 in number, they are for the most part of a technical, clarifying, or conforming character.

The principal substantive changes made by the Senate may be summarized as follows:

First. The effective date for the increase in OASI benefit payments would be made applicable with respect to the month of January 1959 instead of the second month following the month of enactment;

Second. OASI coverage for certain State and local employees in the State of Maine would be facilitated;

Third. There would be established an Advisory Council on Child Welfare;

Fourth. The status of a legal representative with respect to a mentally incompetent public-assistance recipient would be clarified;

Fifth. The existing law provisions affecting the Navaho and Hopi Indian Tribes would be restored;

Sixth. There would be established an Advisory Council on Public Assistance; and

Seventh. The public-assistance benefit formulas would be revised so as to reduce the estimated cost to the Federal Treasury.

It is in the interest of expediting the legislative consideration of this bill and insuring its passage to the Congress prior to adjournment that the chairman and I have urged the adoption of this procedure of accepting the Senate amendments. In view of the fact old-age and survivors insurance benefits have not been liberalized since 1954, it is appropriate that the Congress should act at this time to provide the modest increases

contemplated by this legislation. On the subject of public assistance liberalization I am confident that I express the hope of every Member of Congress that the States will act to reflect the additional Federal funds available under this legislation in increased benefits to the genuinely needy of our Nation.

Mr. BOSCH. Mr. Speaker, it should be understood that, while the conference report on the Welfare and Pension Plans Disclosure Act is brought before the House without objection, there is still considerable feeling that this legislation covers certain plans upon which no evidence has been taken as to possibility of abuses with respect to such plans and they should be exempt. It is respectfully suggested that the Committee on Education and Labor should make it their business to conduct hearings with respect to these plans in order to do equity.

NATIONAL DEFENSE EDUCATION BILL OF 1958

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 691 and ask for its present consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution the bill (H. R. 13247) to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical needs, and for other purposes, with the Senate amendment thereto, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate amendment be, and the same is, disagreed to and a conference is requested with the Senate upon the disagreeing votes of the two Houses.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I yield 7 minutes to the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Speaker, I desire to make a brief statement since the resolution now before the House is the direct result of my objection, on last Thursday, to the unanimous consent request to send H. R. 13247—the National Defense Education Act of 1958—to conference.

I assure my colleagues that I interposed this objection for no trivial, frivolous, or arbitrary reasons.

My reason for raising the objection was the precise and identical reason that this right of objection is specified in the rules and parliamentary procedures of this House—because our constitutional form of government, in the legislative branch as in the overall system, deliberately provides for checks and balances and deliberately affords the means whereby the minority may invoke, for a brief moment, at least, a sober second thought on the part of the majority.

A government, like an automobile, which has brakes but no accelerator, would be pretty futile. But a government, also like an automobile, which has an accelerator and no brakes would be dangerous and potentially self-destructive. There are some of us in this House—at least 140 Members, judging

from the vote for recommittal of this bill on August 8—who feel that with respect to this issue, at least, there has been entirely too heavy a foot on the accelerator.

At the risk of boresomeness and presumptuousness, I remind my colleagues of the warning I offered during the debate on August 8:

To those of my colleagues who think that by passing this bill they are settling a troublesome issue here today, something that is going to stay settled, I offer this prediction. You are merely starting something, not ending it. You are starting new, incessant, and increasing demands—whetted by the taste of this initial victory—demands for more and more, in terms of new areas and types of Federal activity in this field, in terms of ever larger appropriations, in terms of further assumptions by the Congress and the Federal bureaucracy of critical evaluations and decisions as to the content and methods of education, and in terms of direct Federal control of education.

We already have substantial confirmation of that prediction, delivered in a matter of only 5 days, in the action of the other body on this very legislation.

The Senate version of the bill involves substantially broader provisions. It restores the direct scholarship grants stricken from the original bill by the House. The price tag is raised \$390 million. An amendment was offered in the other body which would have added \$2 billion for school construction. True it was defeated, although it received substantial support. It is a fair question as to how long there can be effective resistance to this and other proposed expansions of Federal aid to education once we set our foot in that path.

I plead for earnest reconsideration before a final, fateful step is taken—a step which commits Congress and the Federal Government to a massive transfer to Washington of the responsibility for financing public education, including elementary and secondary education; a step which also, inevitably, must transfer to Washington critical value judgments with respect to education and hence must transfer to Washington increasing control of education.

Mr. Speaker, I oppose this resolution. I do so with the full understanding that defeat of this resolution would be a reversal of action previously taken by this House.

I do not concede that such reversal is impossible of achievement—either through defeat of this resolution or through rejection of the final conference report.

I ask my colleagues one final question: Do you—do we—have even yet, any real comprehension of what is involved, of what is being started, if we enact this legislation?

Do we have any real comprehension of what is involved in pressures for more and more forever after; in terms of increasing federalization of all education; in terms of withering local control and vanishing volunteer support of education; in terms of weakened restraints on educational extravagance, and ultimately even in terms of open challenge to the right to maintain private and parochial education?

Public Law 85-840
85th Congress, H. R. 13549
August 28, 1958

AN ACT

72 Stat. 1013.

To increase benefits under the Federal Old-Age, Survivors, and Disability Insurance System, to improve the actuarial status of the Trust Funds of such System, and otherwise improve such System; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1958".

Social Security
Amendments of
1958.

TITLE I—INCREASE IN BENEFITS UNDER TITLE II OF
THE SOCIAL SECURITY ACT

INCREASE IN BENEFIT AMOUNTS

Primary Insurance Amount

SEC. 101. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

64 Stat. 506.
42 USC 415.

"Primary Insurance Amount

"(a) Subject to the conditions specified in subsections (b), (c), and (d) of this section, the primary insurance amount of an insured individual shall be whichever of the following is the largest:

"(1) The amount in column IV on the line on which in column III of the following table appears his average monthly wage (as determined under subsection (b));

"(2) The amount in column IV on the line on which in column II of the following table appears his primary insurance amount (as determined under subsection (c));

"(3) The amount in column IV on the line on which in column I of the following table appears his primary insurance benefit (as determined under subsection (d)); or

"(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he became entitled to old-age insurance benefits or died, the amount in column IV which is equal to his disability insurance benefit.

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I "(Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10. 00		\$30. 00		\$54	\$33	\$53. 00
"\$10. 01	10. 48	\$30. 10	31. 00	\$55	56	34	54. 00
10. 49	11. 00	31. 10	32. 00	57	58	35	55. 00
11. 01	11. 48	32. 10	33. 00	59	60	36	56. 00
11. 49	12. 00	33. 10	34. 00	61	61	37	57. 00
12. 01	12. 48	34. 10	35. 00	62	63	38	58. 00
12. 49	13. 00	35. 10	36. 00	64	65	39	59. 00
13. 01	13. 48	36. 10	37. 00	66	67	40	60. 00
13. 49	14. 00	37. 10	38. 00	68	69	41	61. 50
14. 01	14. 48	38. 10	39. 00	70	70	42	63. 00
14. 49	15. 00	39. 10	40. 00	71	72	43	64. 50
15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00
15. 61	16. 20	41. 10	42. 00	75	76	45	67. 50
16. 21	16. 84	42. 10	43. 00	77	78	46	69. 00
16. 85	17. 60	43. 10	44. 00	79	80	47	70. 50
17. 61	18. 40	44. 10	45. 00	81	81	48	72. 00
18. 41	19. 24	45. 10	46. 00	82	83	49	73. 50
19. 25	20. 00	46. 10	47. 00	84	85	50	75. 00
20. 01	20. 64	47. 10	48. 00	86	87	51	76. 50
20. 65	21. 28	48. 10	49. 00	88	89	52	78. 00
21. 29	21. 88	49. 10	50. 00	90	90	53	79. 50
21. 89	22. 28	50. 10	50. 90	91	92	54	81. 00
22. 29	22. 68	51. 00	51. 80	93	94	55	82. 50
22. 69	23. 08	51. 90	52. 80	95	96	56	84. 00
23. 09	23. 44	52. 90	53. 70	97	97	57	85. 50
23. 45	23. 76	53. 80	54. 60	98	99	58	87. 00
23. 77	24. 20	54. 70	55. 60	100	101	59	88. 50
24. 21	24. 60	55. 70	56. 50	102	102	60	90. 00
24. 61	25. 00	56. 60	57. 40	103	104	61	91. 50
25. 01	25. 48	57. 50	58. 40	105	106	62	93. 00
25. 49	25. 92	58. 50	59. 30	107	107	63	94. 50
25. 93	26. 40	59. 40	60. 20	108	109	64	96. 00
26. 41	26. 94	60. 30	61. 20	110	113	65	97. 50
26. 95	27. 46	61. 30	62. 10	114	118	66	99. 00
27. 47	28. 00	62. 20	63. 00	119	122	67	100. 50
28. 01	28. 68	63. 10	64. 00	123	127	68	102. 00
28. 69	29. 25	64. 10	64. 90	128	132	69	105. 60
29. 26	29. 68	65. 00	65. 80	133	136	70	108. 80
29. 69	30. 36	65. 90	66. 80	137	141	71	112. 80
30. 37	30. 92	66. 90	67. 70	142	146	72	116. 80
30. 93	31. 36	67. 80	68. 60	147	150	73	120. 00
31. 37	32. 00	68. 70	69. 60	151	155	74	124. 00
32. 01	32. 60	69. 70	70. 50	156	160	75	128. 00
32. 61	33. 20	70. 60	71. 40	161	164	76	131. 20
33. 21	33. 88	71. 50	72. 40	165	169	77	135. 20
33. 89	34. 50	72. 50	73. 30	170	174	78	139. 20
34. 51	35. 00	73. 40	74. 20	175	178	79	142. 40
35. 01	35. 80	74. 30	75. 20	179	183	80	146. 40
35. 81	36. 40	75. 30	76. 10	184	188	81	150. 40
36. 41	37. 08	76. 20	77. 10	189	193	82	154. 40
37. 09	37. 60	77. 20	78. 00	194	197	83	157. 60
37. 61	38. 20	78. 10	78. 90	198	202	84	161. 60
38. 21	39. 12	79. 00	79. 90	203	207	85	165. 60
39. 13	39. 68	80. 00	80. 80	208	211	86	168. 80
39. 69	40. 33	80. 90	81. 70	212	216	87	172. 80
40. 34	41. 12	81. 80	82. 70	217	221	88	176. 80
41. 13	41. 76	82. 80	83. 60	222	225	89	180. 00
41. 77	42. 44	83. 70	84. 50	226	230	90	184. 00
42. 45	43. 20	84. 60	85. 50	231	235	91	188. 00
43. 21	43. 76	85. 60	86. 40	236	239	92	191. 20
43. 77	44. 44	86. 50	87. 30	240	244	93	195. 20
44. 45	44. 88	87. 40	88. 30	245	249	94	199. 20
44. 89	45. 60	88. 40	89. 20	250	253	95	202. 40
		89. 30	90. 10	254	258	96	206. 40
		90. 20	91. 10	259	263	97	210. 40
		91. 20	92. 00	264	267	98	213. 60
		92. 10	92. 90	268	272	99	217. 60
		93. 00	93. 90	273	277	100	221. 60
		94. 00	94. 80	278	281	101	224. 80
		94. 90	95. 50	282	286	102	228. 80

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I "(Primary Insurance benefit under 1939 Act, as modified)		II (Primary Insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary Insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
		\$95. 90	\$96. 70	\$287	\$291	\$103	\$232. 80
		96. 80	97. 60	292	295	104	236. 00
		97. 70	98. 60	296	300	105	240. 00
		98. 70	99. 50	301	305	106	244. 00
		99. 60	100. 40	306	309	107	247. 20
		100. 50	101. 40	310	314	108	251. 20
		101. 50	102. 30	315	319	109	254. 00
		102. 40	103. 20	320	323	110	254. 00
		103. 30	104. 20	324	328	111	254. 00
		104. 30	105. 10	329	333	112	254. 00
		105. 20	106. 00	334	337	113	254. 00
		106. 10	107. 00	338	342	114	254. 00
		107. 10	107. 90	343	347	115	254. 00
		108. 00	108. 50	348	351	116	254. 00
				352	356	117	254. 00
				357	361	118	254. 00
				362	365	119	254. 00
				366	370	120	254. 00
				371	375	121	254. 00
				376	379	122	254. 00
				380	384	123	254. 00
				385	389	124	254. 00
				390	393	125	254. 00
				394	398	126	254. 00
				399	400	127	254. 00"

Average Monthly Wage

(b) (1) Section 215 (b) (1) of such Act is amended by striking out "An" and inserting in lieu thereof the following: "For the purposes of column III of the table appearing in subsection (a) of this section, an" 42 USC 415.

(2) Such section 215 (b) is further amended by adding at the end thereof the following paragraph:

"(5) The provisions of this subsection shall be applicable only in the case of an individual with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and—

"(A) who becomes entitled to benefits under section 202 (a) or section 223 after December 1958, or 42 USC 402, 423.

"(B) who dies after such month without being entitled to benefits under such section 202 (a) or section 223, or Post, pp.1020, 1021.

"(C) who files an application for a recomputation under section 215 (f) (2) (A) after such month and is (or would, but for the provisions of section 215 (f) (6), be) entitled to have his primary insurance amount recomputed under such section, or

"(D) who dies after such month and whose survivors are (or would, but for the provisions of section 215 (f) (6), be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4); or

"(E) who files an application for a recomputation under subparagraph (B) of section 102 (f) (2) of the Social Security Amendments of 1954 after such month and is (or would, but for the fact that such recomputation would not result in a higher primary insurance amount for such individual, be) entitled to have his primary insurance amount recomputed under such subparagraph." 68 Stat. 1062. 42 USC 415 note.

Primary Insurance Amount Under 1954 Act

42 USC 415.

(c) Section 215 (c) of such Act is amended to read as follows:

"Primary Insurance Amount Under 1954 Act

"(c) (1) For the purposes of column II of the table appearing in subsection (a) of this section, an individual's primary insurance amount shall be computed as provided in, and subject to the limitations specified in, (A) this section as in effect prior to the enactment of the Social Security Amendments of 1958, and (B) the applicable provisions of the Social Security Amendments of 1954.

68 Stat. 1052.

"(2) The provisions of this subsection shall be applicable only in the case of an individual—

42 USC 402,
423.Post, pp. 1020,
1021.

"(A) who became entitled to benefits under section 202 (a) or section 223 or died prior to January 1959, and

"(B) to whom the provisions of paragraph (5) of subsection (b) are not applicable."

Primary Insurance Benefit Under 1939 Act

(d) Section 215 (d) of such Act is amended to read as follows:

"Primary Insurance Benefit Under 1939 Act

"(d) (1) For the purposes of column I of the table appearing in subsection (a) of this section, an individual's primary insurance benefit shall be computed as provided in this title as in effect prior to the enactment of the Social Security Act Amendments of 1950, except that—

64 Stat. 477.

42 USC 301

note.

Post, p. 1051.

42 USC 409.

"(A) In the computation of such benefit, such individual's average monthly wage shall (in lieu of being determined under section 209 (f) of such title as in effect prior to the enactment of such amendments) be determined as provided in subsection (b) of this section (but without regard to paragraph (5) thereof), except that his starting date shall be December 31, 1936.

"(B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits.

"(C) The 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of the Social Security Act Amendments of 1950 shall be applicable only with respect to calendar years prior to 1951, except that any wages paid in any year prior to such year any part of which was included in a period of disability shall not be counted. Notwithstanding the preceding sentence, the wages paid in the year in which such period of disability began shall be counted if the counting of such wages would result in a higher primary insurance amount.

"(D) The provisions of subsection (e) shall be applicable to such computation.

"(2) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) with respect to whom at least one of the quarters elapsing prior to 1951 is a quarter of coverage;

"(B) who meets the requirements of any of the subparagraphs of paragraph (5) of subsection (b) of this section; and

"(C) who attained age 22 after 1950 and with respect to whom less than six of the quarters elapsing after 1950 are quarters of coverage, or who attained such age before 1951."

Minimum Survivors or Dependents Benefit

(e) Section 202 (m) of the Social Security Act is amended by 68 Stat. 1073. striking out "\$30" wherever it occurs and inserting in lieu thereof 42 USC 402. "the first figure in column IV of the table in section 215 (a)".

Maximum Benefits

(f) Subsection (a) of section 203 of the Social Security Act is 42 USC 403. amended to read as follows:

"Maximum Benefits

"(a) Whenever the total of monthly benefits to which individuals are entitled under sections 202 and 223 for a month on the basis of 42 USC 402, 423. the wages and self-employment income of an insured individual is Post, pp. 1020- greater than the amount appearing in column V of the table in sec- 1024. tion 215 (a) on the line on which appears in column IV such insured Ante, pp. 1013, individual's primary insurance amount, such total of benefits shall be 1015, 1016. reduced to such amount; except that— Post, pp. 1020, 1025.

"(1) when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits shall not be reduced to less than the smaller of: (A) the sum of the maximum amounts of benefits payable on the basis of the wages and self-employment income of all such insured individuals, or (B) the last figure in column V of the table appearing in section 215 (a), or

"(2) when any of such individuals was entitled (without the application of section 202 (j) (1) and section 223 (b)) to monthly benefits under section 202 or section 223 for December 1958, and the primary insurance amount of the insured individual on the basis of whose wages and self-employment income such monthly benefits are payable is determined under the provisions of section 215 (a) (2), then such total benefits shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection with- out regard to this paragraph, or

"(B) the amount determined under this subsection as in effect prior to the enactment of the Social Security Amend- ments of 1958 or the amount determined under section 102 (h) of the Social Security Amendments of 1954, as the case 68 Stat. 1072. may be, plus the excess of— 42 USC 403 note.

"(i) the primary insurance amount of such insured individual in column IV of the table appearing in sec- tion 215 (a), over

"(ii) his primary insurance amount determined under section 215 (c), or Ante, p. 1016.

"(3) when any of such individuals is entitled (without the application of section 202 (j) (1) and section 223 (b)) to monthly benefits based on the wages and self-employment income of an insured individual with respect to whom a period of disability (as defined in section 216 (i)) began prior to January 1959 and continued until— 42 USC 416. Post, pp. 1020, 1021.

"(A) he became entitled to benefits under section 202 or 223, or

42 USC 415.
Ante, p. 1013.

“(B) he died, which ever first occurred, and the primary insurance amount of such insured individual is determined under the provisions of section 215 (a) (1) or (3) and is not less than \$68, then such total of benefits shall not be reduced to less than the smaller of—

“(C) the last figure in column V of the table appearing in section 215 (a), or

“(D) the amount in column V of such table on the same line on which, in column IV, appears his primary insurance amount, plus the excess of—

“(i) such primary insurance amount, over

“(ii) the smaller amount in column II of the table on the line on which appears such primary insurance amount.

42 USC 422.
Post, pp. 1025,
 1032.

In any case in which benefits are reduced pursuant to the preceding provisions of this subsection, such reduction shall be made after any deductions under this section and after any deductions under section 222 (b). Whenever a reduction is made under this subsection, each benefit, except the old-age or disability insurance benefit, shall be proportionately decreased.”

Effective Date

42 USC 401-425.

(g) The amendments made by this section shall be applicable in the case of monthly benefits under title II of the Social Security Act, for months after December 1958, and in the case of the lump-sum death payments under such title, with respect to deaths occurring after such month.

Primary Insurance Amount for Certain Disability Insurance Beneficiaries

Post, pp. 1020,
 1021.
 42 USC 402.

(h) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1958, and became entitled to old-age insurance benefits under section 232 (a) of such Act, or died, in January 1959, then, for purposes of paragraph (4) of section 215 (a) of the Social Security Act, as amended by this Act, the amount in column IV of the table appearing in such section 215 (a) for such individual shall be the amount in such column on the line on which in column II appears his primary insurance amount (as determined under subsection (c) of such section 215) instead of the amount in column IV equal to his disability insurance benefit.

Saving Provision

42 USC 415.

(i) In the case of any individual to whom the provisions of subsection (b) (5) of section 215 of the Social Security Act, as amended by this Act, are applicable and on the basis of whose wages and self-employment income benefits are payable for months prior to January 1959, his primary insurance amount for purposes of benefits for such prior months shall, if based on an application for such benefits or for a recomputation of such amount, as the case may be, filed after December 1958, be determined under such section 215, as in effect prior to the enactment of this Act, and, if such individual's primary insurance amount as so determined is larger than the primary insurance amount determined for him under section 215 as amended by this Act, such larger primary insurance amount (increased to the next higher dollar if it is not a multiple of a dollar) shall, for months after December 1958, be his primary insurance amount for purposes of such section 215 (and of the other provisions) of the Social Security Act as amended by this Act in lieu of the amount determined without regard to this subsection.

72 Stat. 1018.
 72 Stat. 1019.

INCREASE IN EARNINGS BASE FROM \$4,200 TO \$4,800

Definition of Wages

SEC. 102. (a) (1) Paragraph (2) of section 209 (a) of the Social Security Act is amended to read as follows: 42 USC 409.

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,200 with respect to employment has been paid to an individual during any calendar year after 1954 and prior to 1959, is paid to such individual during such calendar year;"

(2) Section 209 (a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,800 with respect to employment has been paid to an individual during any calendar year after 1958, is paid to such individual during such calendar year;"

Definition of Self-Employment Income

(b) Paragraph (1) of section 211 (b) of the Social Security Act is amended to read as follows: 42 USC 411.

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) \$3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954 and prior to 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(C) For any taxable year ending after 1958, (i) \$4,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

Definitions of Quarter and Quarter of Coverage

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of the Social Security Act are amended to read as follows: 42 USC 413.

"(ii) if the wages paid to any individual in any calendar year equal \$3,600 in the case of a calendar year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954 and before 1959, or \$4,800 in the case of a calendar year after 1958, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954 and before 1959, or \$4,800 in the case of a taxable year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;"

Average Monthly Wage

42 USC 415.

(d) (1) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over \$3,600 in the case of any calendar year after 1950 and before 1955, the excess over \$4,200 in the case of any calendar year after 1954 and before 1959, and the excess over \$4,800 in the case of any calendar year after 1958, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);".

(2) Section 215 (e) of such Act is further amended by striking out "(d) (4)" each place it appears and inserting in lieu thereof "(d)".

TITLE II—AMENDMENTS RELATING TO DISABILITY FREEZE AND DISABILITY INSURANCE BENEFITS

APPLICATION FOR DISABILITY DETERMINATION

42 USC 416.

SEC. 201. Section 216 (i) (2) of the Social Security Act is amended—

(1) by striking out "while under a disability," in the second sentence and inserting in lieu thereof "while under such disability,"; and

(2) by striking out "one-year" in clause (ii) of subparagraph (A) and inserting in lieu thereof "eighteen-month".

RETROACTIVE PAYMENT OF DISABILITY INSURANCE BENEFITS

42 USC 423.

SEC. 202. (a) Section 223 (b) of such Act is amended by adding at the end thereof the following new sentence: "An individual who would have been entitled to a disability insurance benefit for any month after June 1957 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the twelfth month immediately succeeding such month."

(b) The first sentence of section 223 (c) (3) of such Act (defining the term "waiting period" for purposes of applications for disability insurance benefits) is amended to read as follows:

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability which continues until such application is filed, and

"(B) (i) which begins not earlier than with the first day of the eighteenth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such eighteenth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such eighteenth month in which he is so insured."

RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY DETERMINATION

SEC. 203. Paragraph (4) of section 216 (i) of such Act is amended 42 USC 416.
by striking out "July 1957" and inserting in lieu thereof "July 1960",
by striking out "July 1958" and inserting in lieu thereof "July 1961",
and by striking out ", if such individual does not die prior to July
1, 1955,".

INSURED STATUS REQUIREMENTS

Disability Freeze

SEC. 204. (a) Paragraph (3) of section 216 (i) of such Act is amended to read as follows:

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained retirement age and filed applica- 42 USC 414.
tion for benefits under section 202 (a) on the first day of such 42 USC 402.
quarter; and

"(B) he had not less than twenty quarters of coverage during the forty-quarter period which ends with such quarter, not counting as part of such forty-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage;
except that the provisions of subparagraph (A) of this paragraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such subparagraph, begin prior to 1951."

Disability Insurance Benefits

(b) Section 223 (c) (1) (A) of such Act is amended by striking 42 USC 423.
out "fully and currently insured" and inserting in lieu thereof "fully insured".

BENEFITS FOR THE DEPENDENTS OF DISABILITY INSURANCE BENEFICIARIES

Payments from Disability Insurance Trust Fund

SEC. 205. (a) The first sentence of section 201 (h) of such Act is 42 USC 401.
amended by inserting ", and benefit payments required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled 42 USC 402, 423.
to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits," after "section 223".

Wife's Insurance Benefits

(b) (1) Subsection (b) of section 202 of such Act is amended by 42 USC 402.
inserting "or disability" after "old-age" wherever it appears therein.

(2) So much of paragraph (1) of such subsection as follows the colon is amended by striking out "or" the first time it appears and inserting immediately before the period at the end of such paragraph
", or her husband is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits".

Husband's Insurance Benefits

42 USC 402.

(c) (1) Subparagraph (C) of subsection (c) (1) of such section 202 is amended to read as follows:

"(C) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual—

"(i) if she had a period of disability which did not end prior to the month in which she became entitled to old-age or disability insurance benefits, at the beginning of such period or at the time she became entitled to such benefits, or

"(ii) if she did not have such a period of disability, at the time she became entitled to such benefits, and filed proof of such support within two years after the month in which she filed application with respect to such period of disability or after the month in which she became entitled to such benefits, as the case may be, or, if she did not have such a period, two years after the month in which she became entitled to such benefits, and".

(2) The remainder of such subsection (c) (1) is amended by inserting "or disability" after "old-age" wherever it appears therein.

(3) So much of such subsection (c) (1) as follows the colon is further amended by striking out "or" the first time it appears and inserting immediately before the period at the end thereof ", or his wife is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits".

Child's Insurance Benefits

42 USC 402.

Post, p. 1028.

(d) Section 202 (d) (1) of such Act is amended to read as follows:

"(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual after 1939, if such child—

"(A) has filed application for child's insurance benefits,

"(B) at the time such application was filed was unmarried and either (i) had not attained the age of eighteen or (ii) was under a disability (as defined in section 223 (c)) which began before he attained the age of eighteen, and

"(C) was dependent upon such individual—

"(i) if such individual had a period of disability which did not end prior to the month in which he became entitled to old-age or disability insurance benefits or (if he has died) prior to the month in which he died, at the beginning of such period or at the time he became entitled to such benefits or died,

"(ii) if such individual did not have such a period and is living, at the time such application was filed, or

"(iii) if such individual did not have such a period and has died, at the time of such death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a step-parent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of eighteen and is not under a disability (as defined in section 223 (c)) which began before he attained such age, or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen.

Ante, p. 1020.

Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month."

Widower's Insurance Benefits

(e) Subparagraph (D) of section 202 (f) (1) of such Act is 42 USC 402. amended to read as follows:

"(D) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time of her death or, if such individual had a period of disability which did not end prior to the month in which she died, at the time such period began or at the time of her death, and filed proof of such support within two years after the date of such death, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the date of such death, as the case may be, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual, and she was a currently insured individual, at the time she became entitled to old-age or disability insurance benefits or, if such individual had a period of disability which did not end prior to the month in which she became so entitled, at the time such period began or at the time she became entitled to such benefits, and filed proof of such support within two years after the month in which she became entitled to such benefits, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the month in which she became entitled to such benefits, as the case may be, and".

Mother's Insurance Benefits

(f) Section 202 (g) (1) (F) of such Act is amended by inserting 42 USC 402. "or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death" after "death".

Parent's Insurance Benefits

(g) Subparagraph (B) of section 202 (h) (1) of such Act is 42 USC 402. amended to read as follows:

"(B) (i) was receiving at least one-half of his support from such individual at the time of such individual's death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and (ii) filed proof of such support within two years after the date of such death, or, if such individual had such a period of disability, within two years after the month in which such individual filed application with respect to such period of disability or two years after the date of such death, as the case may be,".

Simultaneous Entitlement to Benefits

(h) Section 202 (k) of such Act is amended by inserting "or disability" after "old-age" each time it appears therein. 42 USC 402.

Adjustment of Benefits of Female Beneficiaries

42 USC 402.

(i) (1) Subparagraph (B) of paragraph (5) of section 202 (q) of such Act is amended to read as follows:

"(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b), under section 203 (c), or under section 222 (b)."

42 USC 403.

Post, pp. 1025,
1032.

(2) Such paragraph is further amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "and", by striking out "(A), (B), and (C)" in the material following subparagraph (C) and inserting in lieu thereof "(A), (B), (C), and (D)", and by adding after subparagraph (C) the following new subparagraph:

"(D) the number equal to the number of months for which such wife's insurance benefit was reduced under such paragraph (2), but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits."

(3) Subparagraph (A) of paragraph (6) of such section 202 (q) is amended to read as follows:

"(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under section 203 (b) (1) or (2), under section 203 (c), or under section 222 (b)."

(4) Such paragraph is further amended by striking out "(A), (B), and (C)" in the material following subparagraph (C) and inserting in lieu thereof "(A), (B), (C), and (D)", by redesignating subparagraph (C) as subparagraph (D), by inserting "and" at the end of subparagraph (B) and by adding after such subparagraph (B) the following new subparagraph:

"(C) the number equal to the number of months for which such benefit was reduced under such paragraph, but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits."

Deduction Provision

42 USC 403.

(j) Section 203 (c) of such Act is amended by inserting a comma and "based on the wages and self-employment income of an individual entitled to old-age insurance benefits," after "child's insurance benefit" the first time it appears therein.

Circumstances Under Which Deductions Not Required

(k) Section 203 (h) of such Act is amended to read as follows:

"Circumstances Under Which Deductions Not Required

"(h) In the case of any individual, deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled only to the extent that such deductions reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

Post, pp. 1025,
1032.

Currently Insured Individual

(l) Section 214 (b) of such Act is amended by striking out "or" immediately preceding "(3)" and by inserting "or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits," immediately after "section," 42 USC 414.

Rounding of Benefits

(m) Section 215 (g) of such Act is amended by striking out "sections 203 (a) and 224" and inserting in lieu thereof "section 203 (a)". 42 USC 415.

Deductions on Account of Refusal To Accept Rehabilitation Services

(n) Section 222 (b) of such Act is amended by inserting after paragraph (2) (added by section 307 (g) of this Act) the following new paragraph: Post, p. 1032.

"(3) Deductions shall be made from any wife's, husband's, or child's insurance benefit, based on the wages and self-employment income of an individual entitled to disability insurance benefits, to which a wife, husband, or child is entitled, until the total of such deductions equal such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month in which the individual, on the basis of whose wages and self-employment income such benefit was payable, refuses to accept rehabilitation services and deductions, on account of such refusal, are imposed under paragraph (1)." Ante, pp. 1017, 1021, 1022-1024. Post, pp. 1026, 1027, 1029-1032.

Suspension of Benefits Based on Disability

(o) Section 225 of such Act is amended by adding at the end thereof the following new sentence: "Whenever the benefits of an individual entitled to a disability insurance benefit are suspended for any month, the benefits of any individual entitled thereto under subsection (b), (c), or (d) of section 202, on the basis of the wages and self-employment income of such individual, shall be suspended for such month." 42 USC 425. 42 USC 402.

REPEAL OF REDUCTION OF BENEFITS BASED ON DISABILITY

SEC. 206. Section 224 of such Act is hereby repealed. 42 USC 424.

EFFECTIVE DATES

SEC. 207. (a) The amendments made by section 201 shall apply with respect to applications for a disability determination under section 216 (i) of the Social Security Act filed after June 1961. The amendments made by section 202 shall apply with respect to applications for disability insurance benefits under section 223 of such Act filed after December 1957. The amendments made by section 203 shall apply with respect to applications for a disability determination under such section 216 (i) filed after June 1958. The amendments made by section 204 shall apply with respect to (1) applications for disability insurance benefits under such section 223 or for a disability determination under such section 216 (i) filed on or after the date of enactment of this Act, and (2) applications for such benefits or for such a determination filed after 1957 and prior to such date of enactment if the applicant has not died prior to such date of enactment and if notice to the applicant of the Secretary's decision with respect thereto has not been given to him on or prior to such date, except that (A) no benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or Ante, pp. 1020, 1021. Ante, pp. 1017, 1020-1024. Post, pp. 1026, 1027, 1029-1032. 42 USC 401-425.

72 Stat. 1026.

42 USC 415, 402.

42 USC 401-425.

increased by reason of the amendments made by section 204 of this Act, and (B) the provisions of section 215 (f) (1) of the Social Security Act shall not prevent recomputation of monthly benefits under section 202 of such Act (but no such recomputation shall be regarded as a recomputation for purposes of section 215 (f) of such Act). The amendments made by section 205 (other than by subsections (k) and (m)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after the month in which this Act is enacted, but only if an application for such benefits is filed on or after the date of enactment of this Act. The amendments made by section 206 and by subsections (k) and (m) of section 205 shall apply with respect to monthly benefits under title II of the Social Security Act for the month in which this Act is enacted and succeeding months.

Ante, pp. 1022, 1023.

Post, 1027, 1029, 1031, 1032.

(b) In the case of any husband, widower, or parent who would not be entitled to benefits under section 202 (c), section 202 (f), and section 202 (h), respectively, of the Social Security Act except for the enactment of section 205 of this Act, the requirement in such section 202 (c), section 202 (f), or section 202 (h), as the case may be, that proof of support be filed within a two-year period shall not apply if such proof is filed within two years after the month in which this Act is enacted.

TITLE III—PROVISIONS RELATING TO ELIGIBILITY OF CLAIMANTS FOR SOCIAL SECURITY BENEFITS, AND MISCELLANEOUS PROVISIONS

ELIGIBILITY OF SPOUSE FOR DEPENDENTS OR SURVIVORS BENEFITS

Husband's Insurance Benefits

Ante, p. 1022.

SEC. 301. (a) (1) Section 202 (c) of the Social Security Act is amended by redesignating paragraph (2) as paragraph (3) and adding after paragraph (1) the following new paragraph:

"(2) The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph, shall not be applicable in the case of any husband who—

"(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under subsection (f) or (h); or

"(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d)."

42 USC 416.

(2) Section 216 (f) of such Act is amended to read as follows:

"(f) The term 'husband' means the husband of an individual, but only if (1) he is the father of her son or daughter, (2) he was married to her for a period of not less than three years immediately preceding the day on which his application is filed, or (3) in the month prior to the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section."

Ante, p. 1023.

Post, pp. 1027, 1029, 1031, 1032.

Widow's Insurance Benefits

(b) (1) Subparagraph (B) of section 202 (e) (3) of such Act is amended by striking out "but she is not his widow (as defined in section 216 (c))" and inserting in lieu thereof "which occurs within one year after such marriage and he did not die a fully insured individual". 42 USC 402.
42 USC 416.

(2) Section 216 (c) of such Act is amended to read as follows:

"(c) The term 'widow' (except when used in section 202 (i)) means the surviving wife of an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (4) she was married to him at the time both of them legally adopted a child under the age of eighteen, (5) she was married to him for a period of not less than one year immediately prior to the day on which he died, or (6) in the month prior to the month of her marriage to him (A) she was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) she had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section." Post, p. 1030.
Ante, p.1023.
Post, pp.1029, 1031, 1032.

Widower's Insurance Benefits

(c) (1) Section 202 (f) of such Act is amended by redesignating paragraph (2) as paragraph (3) and by adding after paragraph (1) the following new paragraph: Ante, p. 1023.
Post, p.1031.

"(2) The requirement in paragraph (1) that the deceased fully insured individual also be a currently insured individual, and the provisions of subparagraph (D) of such paragraph, shall not be applicable in the case of any individual who—

"(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under this subsection or subsection (h); or

"(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d)."

(2) Section 216 (g) of such Act is amended to read as follows:

"(g) The term 'widower' (except when used in section 202 (i)) means the surviving husband of an individual, but only if (1) he is the father of her son or daughter, (2) he legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) she legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (4) he was married to her at the time both of them legally adopted a child under the age of eighteen, (5) he was married to her for a period of not less than one year immediately prior to the day on which she died, or (6) in the month before the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section." 42 USC 416.

Definition of Wife

42 USC 416.

(d) Section 216 (b) of such Act is amended by striking out "or" at the end of the clause (1), and by inserting before the period at the end thereof: "or (3) in the month prior to the month of her marriage to him (A) was entitled to, or on application therefor and attainment of retirement age in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section".

Ante, pp. 1023,
1027.

Post, pp. 1029,
1031, 1032.

Definition of Former Wife Divorced

42 USC 416.

(e) Section 216 (d) of such Act is amended to read as follows:
"(d) The term 'former wife divorced' means a woman divorced from an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (4) she was married to him at the time both of them legally adopted a child under the age of eighteen."

Effective Date

(f) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

Ante, pp. 1017,
1021-1024, 1026,
1027.

Post, pp. 1029-
1032.

ELIGIBILITY OF CHILD FOR DEPENDENTS OR SURVIVORS BENEFITS

Definition of Child

42 USC 416.

SEC. 302. (a) Section 216 (e) of such Act is amended to read as follows:

"(e) The term 'child' means (1) the child or legally adopted child of an individual, and (2) in the case of a living individual, a stepchild who has been such stepchild for not less than three years immediately preceding the day on which application for child's benefits is filed, and (3) in the case of a deceased individual, a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died. For purposes of clause (1), a person shall be deemed, as of the date of death of an individual, to be the legally adopted child of such individual if such person was at the time of such individual's death living in such individual's household and was legally adopted by such individual's surviving spouse after such individual's death but before the end of two years after the day on which such individual died or the date of enactment of this Act; except that this sentence shall not apply if at the time of such individual's death such person was receiving regular contributions toward his support from someone other than such individual or his spouse, or from any public or private welfare organization which furnishes services or assistance for children."

Effective Date

(b) The amendment made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

Ante, pp. 1017,
1021-1024, 1026,
1027.

Post, 1029-
1032.

ELIGIBILITY OF REMARRIED WIDOWS FOR MOTHER'S INSURANCE BENEFITS

SEC. 303. (a) Section 202 (g) of the Social Security Act is amended by adding at the end thereof the following new paragraph: 42 USC 402.

"(3) In the case of any widow or former wife divorced of an individual—

"(A) who marries another individual, and

"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not, and upon filing application therefor in the month in which he died would not be, entitled to benefits for such month on the basis of his wages and self-employment income,

the marriage to the individual referred to in clause (A) shall, for the purpose of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or former wife divorced files application for purposes of this paragraph, or (iii) the month following the month in which this paragraph is enacted."

(b) The paragraph (3) added to such section 202 (g) by H. R. 5411, Eighty-fifth Congress, is hereby repealed effective with respect to benefits payable for any month following the month in which this Act is enacted.

ELIGIBILITY FOR PARENT'S INSURANCE BENEFITS

Provisions Relating to Eligibility

SEC. 304. (a) (1) So much of section 202 (h) (1) of the Social Security Act as precedes subparagraph (A) is amended to read as follows: 42 USC 402.

"(1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after 1939, if such parent—"

(2) The amendment made by this subsection shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

Deaths Before Effective Date

(b) Where—

(1) one or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under section 202 of such Act for the month in which this Act is enacted on the basis of the wages and self-employment income of an individual; and

(2) a person is entitled to a parent's insurance benefit under section 202 (h) of the Social Security Act for any subsequent month on the basis of such wages and self-employment income and such person would not be entitled to such benefit but for the enactment of this section; and

(3) the total of the benefits to which all persons are entitled under section 202 of the Social Security Act on the basis of such wages and self-employment income for such subsequent month are reduced by reason of the application of section 203 (a) of such Act,

then the amount of the benefit to which each such person referred to in paragraph (1) of this subsection is entitled for such subsequent month shall be increased, after the application of such section 203 (a),

42 USC 402.

Ante, pp. 1017, 1021-1024, 1026, 1027.

Post, pp. 1030-

Ante, p. 1023.

Post, p. 1032.

42 USC 403.

Ante, p. 1017.

72 Stat. 1030.

to the amount it would have been if no person referred to in paragraph (2) of this subsection was entitled to a parent's insurance benefit for such subsequent month on the basis of such wages and self-employment income.

Proof of Support in Cases of Deaths Before Effective Date

(c) In the case of any parent who would not be entitled to parent's benefits under section 202 (h) of the Social Security Act except for the enactment of this section, the requirement in such section 202 (h) that proof of support be filed within two years of the date of death of the insured individual referred to therein shall not apply if such proof is filed within the two-year period beginning with the first day of the month after the month in which this Act is enacted.

Ante, pp. 1023,
1029.
Post, p. 1032.

ELIGIBILITY FOR LUMP-SUM DEATH PAYMENTS

42 USC 402.

Requirement That Surviving Spouse Be a Member of Deceased's Household

SEC. 305. (a) The first sentence of section 202 (i) of the Social Security Act is amended by inserting "in the same household" after "living".

Provisions Relating to Widows and Widowers

42 USC 416.

(b) Section 216 (h) of such Act is amended by striking out paragraph (3).

Effective Date

42 USC 402.

(c) The amendments made by this section shall apply in the case of lump-sum death payments under such section 202 (i) on the basis of the wages and self-employment income of any individual who dies after the month in which this Act is enacted.

ELIGIBILITY OF DISABLED PERSONS FOR CHILD'S INSURANCE BENEFITS

Provisions Relating to Dependency

42 USC 402.

SEC. 306. (a) Section 202 (d) of the Social Security Act is amended by striking out "who has not attained the age of eighteen" each place it appears in paragraphs (3), (4), and (5) thereof, and by striking out paragraph (6).

Effective Date

Ante, pp. 1017,
1021-1024, 1026,
1027, 1029.
Post, pp. 1030-
1032.

(b) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed on or after such date.

ELIMINATION OF MARRIAGE AS BASIS FOR TERMINATING CERTAIN SURVIVORS BENEFITS

Child's Insurance Benefits

Ante, p. 1022.

SEC. 307. (a) Section 202 (d) of the Social Security Act is amended by inserting immediately after paragraph (5) thereof the following new paragraph:

"(6) In the case of a child who has attained the age of eighteen and who marries—

42 USC 423.

"(A) an individual entitled to benefits under subsection (a), (e), (f), (g), or (h) of this section or under section 223 (a), or

“(B) another individual who has attained the age of eighteen and is entitled to benefits under this subsection, such child’s entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under section 223 (a) or this subsection, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or this subsection unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.”

Widow’s Insurance Benefits

(b) Section 202 (e) of such Act is amended by inserting at the end thereof the following new paragraph: Ante, p. 1027.

“(4) In the case of a widow who marries—

“(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widow’s entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.”

Widower’s Insurance Benefits

(c) Section 202 (f) of such Act is amended by adding at the end thereof the following new paragraph: Ante, pp. 1023, 1027.

“(4) In the case of a widower who marries—

“(A) an individual entitled to benefits under subsection (e), (g), or (h), or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widower’s entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage.”

Mother’s Insurance Benefits

(d) Section 202 (g) of such Act is amended by adding after paragraph (3) (added by section 303 of this Act) the following new paragraph: Ante, pp. 1023, 1029.

“(4) In the case of a widow or former wife divorced who marries—

“(A) an individual entitled to benefits under subsection (a), (f), or (h), or under section 223 (a), or

“(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), the entitlement of such widow or former wife divorced to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under section 223 (a) or subsection (d) of this section, the preceding pro-

42 USC 423.

72 Stat. 1032.

visions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223 (a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223 (a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section."

Parent's Insurance Benefits

Ante, pp. 1023,
1029.

(e) Section 202 (h) of such Act is amended by adding at the end thereof the following new paragraph:

"(4) In the case of a parent who marries—

"(A) an individual entitled to benefits under this subsection or subsection (e), (f), or (g), or

"(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such parent's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death."

Deduction Provisions

42 USC 403.

(f) Subsection (c) of section 203 of such Act is amended by inserting "(1)" after "(c)", by redesignating subparagraphs (1) and (2) as subparagraphs (A) and (B), respectively, by striking out "paragraph (1)" and inserting in lieu thereof "subparagraph (A)", and by adding at the end of such subsection the following new paragraph:

"(2) Deductions shall be made from any child's insurance benefit to which a child who has attained the age of eighteen is entitled or from any mother's insurance benefit to which a person is entitled, until the total of such deductions equals such child's insurance benefit or benefits or mother's insurance benefit or benefits under section 202 for any month—

Ante, pp. 1017,
1021-1024, 1026,
1027, 1029-1031.

"(A) in which such child or person entitled to mother's insurance benefit is married to an individual entitled to old-age insurance benefits under section 202 (a) who is under the age of seventy-two and for which month such individual is charged with any earnings under the provisions of subsection (e) of this section, or

Post, p. 1033.

"(B) in which such child or person entitled to mother's insurance benefits is married to the individual referred to in subparagraph (A) and on seven or more different calendar days of which such individual engaged in noncovered remunerative activity outside the United States."

Deductions on Account of Refusal To Accept Rehabilitation Services

Ante, p. 1025.

(g) Section 222 (b) of such Act is amended by inserting "(1)" after "(b)", and by adding at the end thereof the following new paragraph:

"(2) Deductions shall be made from any child's insurance benefit to which a child who has attained the age of eighteen is entitled or from any mother's insurance benefit to which a person is entitled, until the total of such deductions equals such child's insurance benefit or benefits or such mother's insurance benefit or benefits under section 202

Ante, pp. 1017,
1021-1024, 1026,
1027, 1029-1031.

for any month in which such child or person entitled to mother's insurance benefits is married to an individual who is entitled to disability insurance benefits and in which such individual refuses to accept rehabilitation services and a deduction, on account of such refusal, is imposed under paragraph (1). If both this paragraph and paragraph (3) are applicable to a child's insurance benefit for any month, only an amount equal to such benefit shall be deducted."

Effective Date

(h) (1) The amendments made by this section (other than by subsections (f) and (g)) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months following the month in which this Act is enacted; except that in any case in which benefits were terminated with the close of the month in which this Act is enacted or any prior month and, if the amendments made by this section had been in effect for such month, such benefits would not have been terminated, the amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act, but only if an application for such benefits is filed after such date.

Ante, pp. 1017,
1022-1024, 1026,
1027, 1029-1032.

(2) The amendments made by subsection (f) shall apply with respect to monthly benefits under subsection (d) or (g) of section 202 of the Social Security Act for months in any taxable year, of the individual to whom the person entitled to such benefits is married, beginning after the month in which this Act is enacted.

(3) The amendments made by subsection (g) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months, occurring after the month in which this Act is enacted, in which a deduction is incurred under paragraph (1) of section 222 (b) of the Social Security Act.

Ante, pp. 1025,
1032.

AMOUNT WHICH MAY BE EARNED WITHOUT LOSS OF BENEFITS

SEC. 308. (a) Section 203 (e) (2) of such Act is amended by striking out "last month" and "preceding month" wherever they appear and substituting in lieu thereof "first month" and "succeeding month", respectively.

42 USC 403.

(b) Section 203 (e) (3) (A) of such Act is amended by striking out "the term 'last month of such taxable year' means the latest month" and substituting in lieu thereof "the term 'first month of such taxable year' means the earliest month".

(c) Subsections (e) (2) (D) and (e) (3) (B) (ii) of section 203 of such Act are each amended by striking out "\$80" and inserting in lieu thereof "\$100".

(d) Section 203 (g) (1) of such Act is amended to read as follows:

"(g) (1) (A) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of \$100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the fourth month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. Such report need not be made for any taxable year (i) beginning with or after the month in which such individual attained the age of 72, or (ii) if benefit payments for all months (in such taxable

Ante, pp. 1017,
1022-1024, 1026,
1029-1032.

year) in which such individual is under age 72 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection.

"(B) If the benefit payments of an individual have been suspended for all months in any taxable year under the provisions of the first sentence of paragraph (3) of subsection (g), no benefit payment shall be made to such individual for any such month in such taxable year after the expiration of the period of three years, three months, and fifteen days following the close of such taxable year unless within such period the individual, or some other person entitled to benefits under this title on the basis of the same wages and self-employment income, files with the Secretary information showing that a benefit for such month is payable to such individual."

42 USC 403.

(e) Section 203 (1) of such Act is amended by striking out "(g)" and inserting in lieu thereof "(g) (1) (A)".

(f) The amendments made by this section shall be applicable with respect to taxable years beginning after the month in which this Act is enacted.

REPRESENTATION OF CLAIMANTS BEFORE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE

42 USC 406.

SEC. 309. The second sentence of section 206 of the Social Security Act is amended by striking out "upon filing with the Administrator a certificate of his right to so practice from the presiding judge or clerk of any such court".

OFFENSES UNDER TITLE II OF THE SOCIAL SECURITY ACT

42 USC 408.

SEC. 310. Section 208 of the Social Security Act is amended to read as follows:

"PENALTIES

"SEC. 208. Whoever—

26 USC app. 1400-
1426.

26 USC 1401-1403;

3101-3125;6001-

7852.

Post, pp. 1041-1044;

1046, 1047.

"(a) for the purpose of causing an increase in any payment authorized to be made under this title, or for the purpose of causing any payment to be made where no payment is authorized under this title, shall make or cause to be made any false statement or representation (including any false statement or representation in connection with any matter arising under subchapter E of chapter 1, or subchapter A or E of chapter 9 of the Internal Revenue Code of 1939, or chapter 2 or 21 or subtitle F of the Internal Revenue Code of 1954) as to—

"(1) whether wages were paid or received for employment (as said terms are defined in this title and the Internal Revenue Code), or the amount of wages or the period during which paid or the person to whom paid; or

"(2) whether net earnings from self-employment (as such term is defined in this title and in the Internal Revenue Code) were derived, or as to the amount of such net earnings or the period during which or the person by whom derived; or

"(3) whether a person entitled to benefits under this title had earnings in or for a particular period (as determined under section 203 (e) of this title for purposes of deductions from benefits), or as to the amount thereof; or

"(b) makes or causes to be made any false statement or representation of a material fact in any application for any payment or for a disability determination under this title; or

"(c) at any time makes or causes to be made any false statement or representation of a material fact for use in determining rights to payment under this title; or

"(d) having knowledge of the occurrence of any event affecting (1) his initial or continued right to any payment under this title, or (2) the initial or continued right to any payment of any other individual in whose behalf he has applied for or is receiving such payment, conceals or fails to disclose such event with an intent fraudulently to secure payment either in a greater amount than is due or when no payment is authorized; or

"(e) having made application to receive payment under this title for the use and benefit of another and having received such a payment, knowingly and willfully converts such a payment, or any part thereof, to a use other than for the use and benefit of such other person;

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both."

EXTENSION OF COVERAGE IN CONNECTION WITH GUM RESIN PRODUCTS

SEC. 311. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows: 42 USC 410.

"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any other foreign country or possession thereof, on a temporary basis to perform agricultural labor;". 65 Stat. 119.
7 USC 1461-1468.

(b) The amendment made by subsection (a) shall apply with respect to service performed after 1958.

EMPLOYMENT FOR NONPROFIT ORGANIZATION

SEC. 312. (a) Section 210 (a) (8) (B) of title II of the Social Security Act is amended to read as follows: 42 USC 410.

"(B) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) of the Internal Revenue Code of 1954, which is exempt from income tax under section 501 (a) of such Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 3121 (k) of the Internal Revenue Code of 1954, is in effect if such service is performed by an employee— 68A Stat. 163.
26 USC 501.

"(i) whose signature appears on the list filed by such organization under such section 3121 (k),

"(ii) who became an employee of such organization after the calendar quarter in which the certificate (other than a certificate referred to in clause (iii)) was filed, or

"(iii) who, after the calendar quarter in which the certificate was filed with respect to a group described in paragraph (1) (E) of such section 3121 (k), became a member of such group,

except that this subparagraph shall apply with respect to service performed by an employee as a member of a group described in such paragraph (1) (E) with respect to which no certificate is in effect;".

(b) The amendment made by subsection (a) shall apply with respect to certificates filed under section 3121 (k) (1) of the Internal Revenue Code of 1954 after the date of enactment of this Act. Post, p. 1044.

PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

Ante, p. 1019.

SEC. 313. (a) Section 211 of the Social Security Act is amended by adding at the end thereof the following new subsection:

“Partner's Taxable Year Ending as Result of Death

“(f) In computing a partner's net earnings from self-employment for his taxable year which ends as a result of his death (but only if such taxable year ends within, and not with, the taxable year of the partnership), there shall be included so much of the deceased partner's distributive share of the partnership's ordinary income or loss for the partnership taxable year as is not attributable to an interest in the partnership during any period beginning on or after the first day of the first calendar month following the month in which such partner died. For purposes of this subsection—

“(1) in determining the portion of the distributive share which is attributable to any period specified in the preceding sentence, the ordinary income or loss of the partnership shall be treated as having been realized or sustained ratably over the partnership taxable year; and

“(2) the term ‘deceased partner's distributive share’ includes the share of his estate or of any other person succeeding, by reason of his death, to rights with respect to his partnership interest.”

(b) The amendment made by subsection (a) shall apply—

(1) with respect to individuals who die after the date of the enactment of this Act, and

(2) with respect to any individual who died after 1955 and on or before the date of the enactment of this Act, but only if the requirements of section 403 (b) (2) of this Act are met.

42 USC 603.

GRATUITOUS WAGE CREDITS FOR AMERICAN CITIZENS WHO SERVED IN THE
ARMED FORCES OF ALLIED COUNTRIES

General Rule

Post, p. 1037.

SEC. 314. (a) Section 217 of such Act is amended by adding at the end thereof the following new subsection:

“(h) (1) For the purposes of this section, any individual who the Secretary finds—

“(A) served during World War II (as defined in subsection (d) (1)) in the active military or naval service of a country which was on September 16, 1940, at war with a country with which the United States was at war during World War II;

“(B) entered into such active service on or before December 8, 1941;

“(C) was a citizen of the United States throughout such period of service or lost his United States citizenship solely because of his entrance into such service;

“(D) had resided in the United States for a period or periods aggregating four years during the five-year period ending on the day of, and was domiciled in the United States on the day of, such entrance into such active service; and

“(E) (i) was discharged or released from such service under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty, or

“(ii) died while in such service,

shall be considered a World War II veteran (as defined in subsection (d) (2)) and such service shall be considered to have been performed in the active military or naval service of the United States.

"(2) In the case of any individual to whom paragraph (1) applies, proof of support required under section 202 (f) or (h) may be filed Ante, pp. 1023, 1027, 1029, 1031, 1032. at any time prior to the expiration of two years after the date of such individual's death or the date of the enactment of this subsection, whichever is the later."

Reimbursement to Disability Insurance Trust Fund

(b) (1) Section 217 (g) (1) of the Social Security Act is amended 42 USC 417. by deleting "Trust Fund" and inserting in lieu thereof "Trust Funds".

(2) Section 217 (g) (2) of the Social Security Act is amended by deleting "the Trust Fund" each time it appears therein and inserting in lieu thereof "the Federal Old-Age and Survivors Insurance Trust Fund" the first time and "such Trust Fund" the other times.

Effective Date

(c) (1) The amendment made by subsection (a) shall apply only with respect to (A) monthly benefits under sections 202 and 223 of the Social Security Act for months after the month in which this Act is enacted, (B) lump-sum death payments under such section 202 in the case of deaths occurring after the month in which this Act is enacted, and (C) periods of disability under section 216 (i) in the case of applications for a disability determination filed after the month in which this Act is enacted. Ante, pp. 1017, 1020, 1021, 1024, 1026, 1027, 1029-1032.

(2) In the case of any individual—

(A) who is a World War II veteran (as defined in section 217 (d) (2) of the Social Security Act) wholly or partly by reason of service described in section 217 (h) (1) (A) of such Act; and 42 USC 417. Ante, p. 1036.

(B) who (i) became entitled to old-age insurance benefits under section 202 (a) of the Social Security Act or to disability insurance benefits under section 223 of such Act prior to the first day of the month following the month in which this Act is enacted, or (ii) died prior to such first day, and whose widow, former wife divorced, widower, child, or parent is entitled for the month in which this Act is enacted, on the basis of his wages and self-employment income, to a monthly benefit under section 202 of such Act; and

Ante, pp. 1017, 1021, 1022-1024, 1026, 1027, 1029-1032.

(C) any part of whose service described in section 217 (h) (1) (A) of the Social Security Act was not included in the computation of his primary insurance amount under section 215 of such Act but would have been included in such computation if the amendment made by subsection (a) of this section had been effective prior to the date of such computation,

Ante, pp. 1013, 1015, 1016, 1020, 1025.

the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual upon the filing of an application, after the month in which this Act is enacted, by him or (if he has died without filing such an application) by any person entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income. Such recomputation shall be made only in the manner provided in title II of the Social Security Act as in effect at the time of the last previous computation or recomputation of such individual's primary insurance amount, and as though application therefor was filed in the month in which application for such last previous computation or recomputation was filed. No recomputation made under this subsection shall be regarded as a recomputation under section 215 (f) of the Social Security Act. Any such recomputation shall be effective for 72 Stat. 1037. and after the twelfth month before the month in which the application is filed, but in no case for the month in which this Act is enacted or any prior month. 72 Stat. 1038. 42 USC 401-425.

POSITIONS COVERED BY STATE AND LOCAL RETIREMENT SYSTEMS

Division of Retirement Systems

42 USC 418.

SEC. 315. (a) (1) Section 218 (d) (6) of the Social Security Act is amended to read as follows:

"(6) (A) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned.

"(B) If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this subparagraph, the term 'institutions of higher learning' includes junior colleges and teachers colleges.

"(C) For the purposes of this subsection, any retirement system established by the State of California, Connecticut, Florida, Georgia, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Vermont, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State or Territory, which, on, before, or after the date of enactment of this subparagraph, is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part.

"(D) The position of any individual which is covered by any retirement system to which subparagraph (C) is applicable shall, if such individual is ineligible to become a member of such system on August 1, 1956, or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title.

"(E) An individual who is in a position covered by a retirement system to which subparagraph (C) is applicable and who is not a member of such system but is eligible to become a member thereof shall, for purposes of this subsection (other than paragraph (8)), be regarded as a member of such system; except that, in the case of any retirement system a division or part of which is covered under the agreement (either in the original agreement or by a modification thereof), which coverage is agreed to prior to 1960, the preceding provisions of this subparagraph shall apply only if the State so requests and any such individual referred to in such preceding provisions shall, if the State so requests, be treated, after division of the retirement system pursuant to such subparagraph (C), the same as individuals in positions referred to in subparagraph (F).

“(F) In the case of any retirement system divided pursuant to subparagraph (C), the position of any member of the division or part composed of positions of members who do not desire coverage may be transferred to the separate retirement system composed of positions of members who desire such coverage if it is so provided in a modification of such agreement which is mailed, or delivered by other means, to the Secretary prior to 1960 or, if later, the expiration of one year after the date on which such agreement, or the modification thereof making the agreement applicable to such separate retirement system, as the case may be, is agreed to, but only if, prior to such modification or such later modification, as the case may be, the individual occupying such position files with the State a written request for such transfer.

“(G) For the purposes of this subsection, in the case of any retirement system of the State of Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, or the Territory of Hawaii which covers positions of employees of such State or Territory who are compensated in whole or in part from grants made to such State or Territory under title III, there shall be deemed to be, if such State or Territory so desires, a separate retirement system with respect to any of the following:

“(i) the positions of such employees;

“(ii) the positions of all employees of such State or Territory covered by such retirement system who are employed in the department of such State or Territory in which the employees referred to in clause (i) are employed; or

“(iii) employees of such State or Territory covered by such retirement system who are employed in such department of such State or Territory in positions other than those referred to in clause (i).”

(2) Paragraph (7) of section 218 (d) of such Act is amended by striking out “(created under the fourth sentence of paragraph (6))” and inserting in lieu thereof “(created under subparagraph (C) of paragraph (6) or the corresponding provision of prior law)”; and by striking out “the fourth and fifth sentences of paragraph (6)” and inserting in lieu thereof “subparagraphs (C) and (D) of paragraph (6) or the corresponding provision of prior law”. 42 USC 418.

(3) The second sentence of paragraph (2) of section 218 (k) of such Act is amended by striking out “the preceding sentence” and inserting in lieu thereof “the first sentence of this paragraph”. The last sentence of such paragraph is amended by striking out “the fourth sentence of subsection (d) (6)” and inserting in lieu thereof “subparagraph (C) of subsection (d) (6) or the corresponding provision of prior law”. Such paragraph is further amended by inserting after the first sentence the following new sentence: “An individual who is in a position covered by a retirement system divided pursuant to the preceding sentence and who is not a member of such system but is eligible to become a member thereof shall, for purposes of this subsection, be regarded as a member of such system. Coverage under the agreement of any such individual shall be provided under the same conditions, to the extent practicable, as are applicable in the case of the States to which the provisions of subsection (d) (6) (C) apply.” 42 USC 418.

72 Stat. 1040.

Coverage Under Other Retirement Systems

Ante, pp. 1038,
1039.

(b) Section 218 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(8) (A) Notwithstanding paragraph (1), if under the provisions of this subsection an agreement is, after December 31, 1958, made applicable to service performed in positions covered by a retirement system, service performed by an individual in a position covered by such a system may not be excluded from the agreement because such position is also covered under another retirement system.

"(B) Subparagraph (A) shall not apply to service performed by an individual in a position covered under a retirement system if such individual, on the day the agreement is made applicable to service performed in positions covered by such retirement system, is not a member of such system and is a member of another system.

"(C) If an agreement is made applicable, prior to 1959, to service in positions covered by any retirement system, the preceding provisions of this paragraph shall be applicable in the case of such system if the agreement is modified to so provide.

"(D) Except in the case of agreements with the States named in subsection (p) and agreements with interstate instrumentalities, nothing in this paragraph shall authorize the application of an agreement to service in any policeman's or fireman's position."

Retroactive Coverage

42 USC 418.

(c) (1) Section 218 (f) of such Act is amended by inserting "(1)" immediately after "(f)", by redesignating clauses (1), (2), (3), and (4) thereof as clauses (A), (B), (C), and (D), respectively, and by adding at the end thereof the following new paragraph:

"(2) In the case of service performed by members of any coverage group—

"(A) to which an agreement under this section is made applicable, and

"(B) with respect to which the agreement, or modification thereof making the agreement so applicable, specifies an effective date earlier than the date of execution of such agreement and such modification, respectively,

the agreement shall, if so requested by the State, be applicable to such services (to the extent the agreement was not already applicable) performed before such date of execution and after such effective date by any individual as a member of such coverage group if he is such a member on a date, specified by the State, which is earlier than such date of execution, except that in no case may the date so specified be earlier than the date such agreement or such modification, as the case may be, is mailed, or delivered by other means, to the Secretary."

(2) The amendment made by this subsection shall apply in the case of any agreement, or modification of an agreement, under section 218 of the Social Security Act, which is executed after the date of enactment of this Act.

Ante, pp. 1038-
1040.

TEACHERS IN THE STATE OF MAINE

SEC. 316. For the purposes of any modification which might be made after the date of enactment of this Act and prior to July 1, 1960, by the State of Maine of its existing agreement made under section 218 of the Social Security Act, any retirement system of such State which covers positions of teachers and positions of other employees shall, if such State so desires, be deemed (notwithstanding the provi-

Ante, pp. 1038-
1040.

sions of subsection (d) of such section) to consist of a separate retirement system with respect to the positions of such teachers and a separate retirement system with respect to the positions of such other employees; and for the purposes of this sentence, the term "teacher" shall mean any teacher, principal, supervisor, school nurse, school dietitian, school secretary or superintendent employed in any public school, including teachers in unorganized territory.

TITLE IV—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

CHANGES IN TAX SCHEDULES

Self-Employment Income Tax

SEC. 401. (a) Section 1401 of the Internal Revenue Code of 1954 ^{68A Stat. 353.} (relating to rate of tax on self-employment income) is amended to ^{26 USC 1401.} read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1958, and before January 1, 1960, the tax shall be equal to $3\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1963, the tax shall be equal to $4\frac{1}{2}$ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to $5\frac{1}{4}$ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to $6\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year."

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows: ^{26 USC 3101.}

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

Post, p.1042.

Post, pp.1044-

1046.

"(1) with respect to wages received during the calendar year 1959, the rate shall be $2\frac{1}{2}$ percent;

"(2) with respect to wages received during the calendar years 1960 to 1962, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be $3\frac{1}{2}$ percent;

- “(4) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and
“(5) with respect to wages received after December 31, 1968, the rate shall be 4½ percent.”

Tax on Employers

26 USC 3111.

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

“SEC. 3111. RATE OF TAX.

“In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

Post, pp. 1044,
1046.

- “(1) with respect to wages paid during the calendar year 1959, the rate shall be 2½ percent;
“(2) with respect to wages paid during the calendar years 1960 to 1962, both inclusive, the rate shall be 3 percent;
“(3) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3½ percent;
“(4) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and
“(5) with respect to wages paid after December 31, 1968, the rate shall be 4½ percent.”

Effective Dates

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1958. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1958.

INCREASE IN TAX BASE

Definition of Self-Employment Income

26 USC 1402.

SEC. 402. (a) (1) Subparagraph (B) of section 1402 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

“(B) for any taxable year ending after 1954 and before 1959, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and”.

(2) Paragraph (1) of section 1402 (b) of such Code is further amended by adding at the end thereof the following new subparagraph:

“(C) for any taxable year ending after 1958, (i) \$4,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

Definition of Wages

26 USC 3121.

(b) Section 3121 (a) of such Code (relating to the definition of wages) is amended by striking out “\$4,200” wherever it appears and inserting in lieu thereof “\$4,800”.

Federal Service

26 USC 3122.

(c) Section 3122 of such Code (relating to Federal service) is amended by striking out “\$4,200” wherever it appears and inserting in lieu thereof “\$4,800”.

Refunds

(d) (1) Paragraph (1) of section 6413 (c) of such Code is amended 26 USC 6413.
to read as follows:

“(1) IN GENERAL.—If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed \$3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received by him during such year exceed \$4,200, or (B) during any calendar year after the calendar year 1958, the wages received by him during such year exceed \$4,800, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first \$4,800 of such wages received in such calendar year after 1958.” 26 USC app. 1400.

(2) Subparagraph (A) of section 6413 (c) (2) of such Code is amended to read as follows: 26 USC 6413.

“(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term ‘wages’ includes for purposes of this subsection the amount, not to exceed \$3,600 for the calendar year 1951, 1952, 1953, or 1954, \$4,200 for the calendar year 1955, 1956, 1957, or 1958, or \$4,800 for any calendar year after 1958, determined by each such head or agent as constituting wages paid to an employee.” Ante, p. 1042.

Effective Date

(e) The amendments made by subsections (b) and (c) shall be applicable only with respect to remuneration paid after 1958.

PARTNER'S TAXABLE YEAR ENDING AS RESULT OF DEATH

General Rule

SEC. 403. (a) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection: Ante, p. 1042.

“(f) PARTNER'S TAXABLE YEAR ENDING AS THE RESULT OF DEATH.—In computing a partner's net earnings from self-employment for his taxable year which ends as a result of his death (but only if such taxable year ends within, and not with, the taxable year of the partnership), there shall be included so much of the deceased partner's

72 Stat. 1044.

distributive share of the partnership's ordinary income or loss for the partnership taxable year as is not attributable to an interest in the partnership during any period beginning on or after the first day of the first calendar month following the month in which such partner died. For purposes of this subsection—

“(1) in determining the portion of the distributive share which is attributable to any period specified in the preceding sentence, the ordinary income or loss of the partnership shall be treated as having been realized or sustained ratably over the partnership taxable year; and

“(2) the term ‘deceased partner’s distributive share’ includes the share of his estate or of any other person succeeding, by reason of his death, to rights with respect to his partnership interest.”

Effective Date

(b) (1) Except as provided in paragraph (2), the amendment made by subsection (a) shall apply only with respect to individuals who die after the date of the enactment of this Act.

(2) In the case of an individual who died after 1955 and on or before the date of the enactment of this Act, the amendment made by subsection (a) shall apply only if—

(A) before January 1, 1960, there is filed a return (or amended return) of the tax imposed by chapter 2 of the Internal Revenue Code of 1954 for the taxable year ending as a result of his death, and

(B) in any case where the return is filed solely for the purpose of reporting net earnings from self-employment resulting from the amendment made by subsection (a), the return is accompanied by the amount of tax attributable to such net earnings.

In any case described in the preceding sentence, no interest or penalty shall be assessed or collected on the amount of any tax due under chapter 2 of such Code solely by reason of the operation of section

Ante, pp. 1041-1043.

Ante, p.1043. 1402 (f) of such Code.

SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

26 USC 3121. SEC. 404. (a) Section 3121 (b) (1) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended to read as follows:

“(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any other foreign country or possession thereof, on a temporary basis to perform agricultural labor;”.

(b) The amendment made by subsection (a) shall apply with respect to service performed after 1958.

NONPROFIT ORGANIZATION'S WAIVER CERTIFICATES

26 USC 3121. SEC. 405. (a) Section 3121 (k) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

“(1) WAIVER OF EXEMPTION BY ORGANIZATION.—

26 USC 501.

“(A) An organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that it desires to have the insurance sys-

tem established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time prior to the expiration of the twenty-fourth month following the calendar quarter in which the certificate is filed by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this chapter.

“(B) The certificate shall be in effect (for purposes of subsection (b) (8) (B) and for purposes of section 210 (a) (8) (B) of the Social Security Act) for the period beginning with whichever of the following may be designated by the organization: 42 USC 401-425.
Post, p. 1046.
Ante, p. 1035.

“(i) the first day of the calendar quarter in which the certificate is filed,

“(ii) the first day of the calendar quarter succeeding such quarter, or

“(iii) the first day of any calendar quarter preceding the calendar quarter in which the certificate is filed, except that, in the case of a certificate filed prior to January 1, 1960, such date may not be earlier than January 1, 1956, and in the case of a certificate filed after 1959, such date may not be earlier than the first day of the fourth calendar quarter preceding the quarter in which such certificate is filed.

“(C) In the case of service performed by an employee whose name appears on a supplemental list filed after the first month following the calendar quarter in which the certificate is filed, the certificate shall be in effect (for purposes of subsection (b) (8) (B) and for purposes of section 210 (a) (8) (B) of the Social Security Act) only with respect to service performed by such individual for the period beginning with the first day of the calendar quarter in which such supplemental list is filed.

“(D) The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

“(E) If an organization described in subparagraph (A) employs both individuals who are in positions covered by a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof and

individuals who are not in such positions, the organization shall divide its employees into two separate groups. One group shall consist of all employees who are in positions covered by such a fund or system and (i) are members of such fund or system, or (ii) are not members of such fund or system but are eligible to become members thereof; and the other group shall consist of all remaining employees. An organization which has so divided its employees into two groups may file a certificate pursuant to subparagraph (A) with respect to the employees in one of the groups if at least two-thirds of the employees in such group concur in the filing of the certificate. The organization may also file such a certificate with respect to the employees in the other group if at least two-thirds of the employees in such other group concur in the filing of such certificate.

“(F) An organization which filed a certificate under this subsection after 1955 but prior to the enactment of this subparagraph may file a request at any time before 1960 to have such certificate effective, with respect to the service of individuals who concurred in the filing of such certificate (initially or through the filing of a supplemental list) prior to enactment of this subparagraph and who concur in the filing of such new request, for the period beginning with the first day of any calendar quarter preceding the first calendar quarter for which it was effective and following the last calendar quarter of 1955. Such request shall be filed with such official and in such form and manner as may be prescribed by regulations made under this chapter. If a request is filed pursuant to this subparagraph—

26 USC 6651.

“(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for any calendar quarter resulting from the filing of such request shall be the last day of the calendar month following the calendar quarter in which the request is filed; and

“(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date.

“(G) If a certificate filed pursuant to this paragraph is effective for one or more calendar quarters prior to the quarter in which the certificate is filed, then—

26 USC 6651.

“(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for such prior calendar quarters resulting from the filing of such certificate shall be the last day of the calendar month following the calendar quarter in which the certificate is filed; and

“(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date.”

26 USC 3121.

(b) Section 3121 (b) (8) (B) of the Internal Revenue Code of 1954 is amended to read as follows:

26 USC 501.

“(B) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a), but this subparagraph shall not apply to service performed during the period for which a certificate, filed

pursuant to subsection (k) (or the corresponding subsection of prior law), is in effect if such service is performed by an employee—

“(i) whose signature appears on the list filed by such organization under subsection (k) (or the corresponding subsection of prior law),

“(ii) who became an employee of such organization after the calendar quarter in which the certificate (other than a certificate referred to in clause (iii)) was filed, or

“(iii) who, after the calendar quarter in which the certificate was filed with respect to a group described in section 3121 (k) (1) (E), became a member of such Ante, p. 1044. group,

except that this subparagraph shall apply with respect to service performed by an employee as a member of a group described in section 3121 (k) (1) (E) with respect to which no certificate is in effect;”.

(c) The amendments made by subsections (a) and (b) shall apply with respect to certificates filed under section 3121 (k) (1) of the Internal Revenue Code of 1954 after the date of enactment of this Act and requests filed under subparagraph (F) of such section after such date.

EXEMPTION OF UNEMPLOYMENT BENEFITS FROM LEVY

SEC. 406. Section 6334 (a) of the Internal Revenue Code of 1954 26 USC 6334. (relating to enumeration of property exempt from levy) is amended by adding at the end thereof the following new paragraph:

“(4) UNEMPLOYMENT BENEFITS.—Any amount payable to an individual with respect to his unemployment (including any portion thereof payable with respect to dependents) under an unemployment compensation law of the United States, of any State or Territory, or of the District of Columbia or of the Commonwealth of Puerto Rico.”

TITLE V—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

OLD-AGE ASSISTANCE

SEC. 501. Subsection (a) of section 3 of the Social Security Act is amended to read as follows: 42 USC 303.

“(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

“(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of old-age assistance for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received old-age assistance in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as old-age assistance in the form of medical or any other type of remedial care); plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of old-age assistance for such month; and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of old-age assistance for such month; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care."

AID TO DEPENDENT CHILDREN

SC 603.

SEC. 502. Subsection (a) of section 403 of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

"(A) fourteen-seventenths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$17 multiplied by the total number of recipients of aid to dependent children for such month (which total number, for purposes of this subsection, means (i) the number of individuals with respect to whom aid to dependent children in the form of money payments is paid for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to dependent children in the form of medical or any other type of remedial care); plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of aid to dependent children for such month;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$18 multiplied by the total number of recipients of aid to dependent children for such month; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Wel-

fare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children."

AID TO THE BLIND

SEC. 503. Subsection (a) of section 1003 of the Social Security Act 42 USC 1203. is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of aid to the blind for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received aid to the blind in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to the blind in the form of medical or any other type of remedial care); plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of aid to the blind for such month;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of aid to the blind for such month; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care."

AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 504. Subsection (a) of section 1403 of the Social Security Act 42 USC 1353. is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an

amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

“(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received aid to the permanently and totally disabled in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to the permanently and totally disabled in the form of medical or any other type of remedial care); plus

“(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care.”

FEDERAL MATCHING PERCENTAGE

42 USC 1301.

SEC. 505. Subsection (a) of section 1101 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

“(8) (A) The ‘Federal percentage’ for any State (other than Puerto Rico, the Virgin Islands, and Guam) shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (excluding Alaska); except that (i) the Federal percentage shall in no case be less than 50 per centum or more than 65 per centum, and (ii) the Federal percentage shall be 50 per centum for Alaska and Hawaii.

“(B) The Federal percentage for each State (other than Puerto Rico, the Virgin Islands, and Guam) shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the continental United States (excluding Alaska) for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such

promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentages as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the eleven quarters in the period beginning October 1, 1958, and ending with the close of June 30, 1961."

EXTENSION TO GUAM

SEC. 506. Section 1101 (a) (1) of the Social Security Act is amended by striking out "Puerto Rico and the Virgin Islands" and inserting in lieu thereof "Puerto Rico, the Virgin Islands, and Guam". *Ante*, p. 1050.

INCREASE IN LIMITATIONS ON PUBLIC ASSISTANCE PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 507. (a) Section 1108 of the Social Security Act is amended by striking out "\$5,312,500" and "\$200,000" and inserting in lieu thereof "\$8,500,000" and "\$300,000", respectively, by striking out "and" immediately following the semicolon, and by adding immediately before the period at the end thereof "; and the total amount certified by the Secretary under such titles for payment to Guam with respect to any fiscal year shall not exceed \$400,000". 70 Stat. 855.
42 USC 1308.

(b) The heading of such section is amended to read

"LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM".

MATERNAL AND CHILD WELFARE GRANTS FOR GUAM

SEC. 508. Such section 1108 is further amended by adding at the end thereof the following new sentence: "Notwithstanding the provisions of sections 502 (a) (2), 512 (a) (2), and 522 (a), and until such time as the Congress may by appropriation or other law otherwise provide, the Secretary shall, in lieu of the \$60,000, \$60,000, and \$60,000, respectively, specified in such sections, allot such smaller amounts to Guam as he may deem appropriate." 42 USC 1308.
Post, pp. 1055,
1053.

TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 509. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress), as amended, is amended by striking out "June 30, 1959" and inserting in lieu thereof "June 30, 1961". 64 Stat. 554.
42 USC 1202a
note.

TECHNICAL AMENDMENT

SEC. 510. Section 2 (a) (11) of the Social Security Act is amended by inserting before the period at the end thereof "; including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services". 42 USC 302.

PAYMENTS TO LEGAL REPRESENTATIVES

SEC. 511. (a) Title XI of the Social Security Act is amended by adding after section 1110 the following new section: 42 USC 1310.

"PUBLIC ASSISTANCE PAYMENTS TO LEGAL REPRESENTATIVES

42 USC 301-306, "SEC. 1111. For purposes of titles I, IV, X, and XIV, payments on
601-606, 1201- behalf of an individual, made to another person who has been judi-
1206, 1351-1355. cially appointed, under the law of the State in which such individual
resides, as legal representative of such individual for the purpose of
receiving and managing such payments (whether or not he is such
individual's legal representative for other purposes), shall be regarded
as money payments to such individual."

(b) The amendment made by subsection (a) shall be applicable in
the case of payments to legal representatives by any State made after
June 30, 1958; and to such payments by any State made after Decem-
ber 31, 1955, and prior to July 1, 1958, if certifications for payment
to such State have been made by the Secretary of Health, Education,
and Welfare with respect thereto, or such State has presented to the
Secretary a claim (and such other data as the Secretary may require)
with respect thereto, prior to July 1, 1959.

EFFECTIVE DATES

70 Stat. 848, SEC. 512. Notwithstanding the provisions of sections 305 and 345
854. of the Social Security Amendments of 1956, as amended, the amend-
42 USC 303 ments made by sections 501, 502, 503, 504, 505, and 506 shall be
note. effective—

(1) in the case of money payments, under a State plan approved
42 USC 301-306, under title I, IV, X, or XIV of the Social Security Act, for months
601-606, 1201- after September 1958, and
1206, 1351-1355.

(2) in the case of assistance in the form of medical or any
other type of remedial care, under such a plan, with respect to
expenditures made after September 1958.

42 USC 701-731. The amendment made by section 506 shall also become effective, for
purposes of title V of the Social Security Act, for fiscal years ending
after June 30, 1959. The amendments made by section 507 shall be
effective for fiscal years ending after June 30, 1958. The amendment
made by section 508 shall be effective for fiscal years ending after
June 30, 1959. The amendment made by section 510 shall become
effective October 1, 1958.

TITLE VI—MATERNAL AND CHILD WELFARE

CHILD WELFARE SERVICES

64 Stat. 551. SEC. 601. Part 3 of title V of the Social Security Act is amended
42 USC 701 et to read as follows:
seq.

"PART 3—CHILD-WELFARE SERVICES

"APPROPRIATION

"SEC. 521. For the purpose of enabling the United States, through
the Secretary, to cooperate with State public-welfare agencies in
establishing, extending, and strengthening public-welfare services
(hereinafter in this title referred to as 'child-welfare services') for the
protection and care of homeless, dependent, and neglected children,
and children in danger of becoming delinquent, there is hereby author-
ized to be appropriated for each fiscal year, beginning with the fiscal
year ending June 30, 1959, the sum of \$17,000,000.

"ALLOTMENTS TO STATES

"SEC. 522. (a) The sums appropriated for each fiscal year under section 521 shall be allotted by the Secretary for use by cooperating State public-welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot to each State such portion of \$60,000 as the amount appropriated under section 521 for such year bears to the amount authorized to be so appropriated; and he shall allot to each State an amount which bears the same ratio to the remainder of the sums so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 524) bears to the sum of the corresponding products of all the States.

"(b) (1) If the amount allotted to a State under subsection (a) for any fiscal year is less than such State's base allotment, it shall be increased to such base allotment, the total of the increases thereby required being derived by proportionately reducing the amount allotted under subsection (a) to each of the remaining States, but with such adjustments as may be necessary to prevent the allotment of any such remaining State under subsection (a) from being thereby reduced to less than its base allotment.

"(2) For purposes of paragraph (1) the base allotment of any State for any fiscal year means the amount which would be allotted to such State for such year under the provisions of section 521, as in effect prior to the enactment of the Social Security Amendments of 1958, as applied to an appropriation of \$12,000,000.

"PAYMENT TO STATES

"SEC. 523. (a) From the sums appropriated therefor and the allotment available under this part, the Secretary shall from time to time pay to each State with a plan for child-welfare services developed as provided in this part an amount equal to the Federal share (as determined under section 524) of the total sum expended under such plan (including the cost of administration of the plan) in meeting the costs of district, county, or other local child-welfare services, in developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, in paying the costs of returning any runaway child who has not attained the age of eighteen to his own community in another State, and of maintaining such child until such return (for a period not exceeding fifteen days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child: *Provided*, That in developing such services for children the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the States and local communities as may be authorized by the State.

"(b) The method of computing and paying such amounts shall be as follows:

"(1) The Secretary shall, prior to the beginning of each period for which a payment is to be made, estimate the amount to be paid to the State for such period under the provisions of subsection (a).

"(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State for any prior period under this section was greater or less than the amount which should have been paid thereunder to the State for such prior period.

"ALLOTMENT PERCENTAGE AND FEDERAL SHARE

"SEC. 524. (a) The 'allotment percentage' for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska); except that (A) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (B) the allotment percentage shall be 50 per centum in the case of Alaska and 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

"(b) For the fiscal year ending June 30, 1960, and each year thereafter, the 'Federal share' for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (1) in no case shall the Federal share be less than $33\frac{1}{3}$ per centum or more than $66\frac{2}{3}$ per centum, and (2) the Federal share shall be 50 per centum in the case of Alaska and $66\frac{2}{3}$ per centum in the case of Puerto Rico, the Virgin Islands, and Guam. For the fiscal year ending June 30, 1959, the Federal share shall be determined pursuant to the provisions of section 521 as in effect prior to the enactment of the Social Security Amendments of 1958.

"(c) The Federal share and the allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the continental United States (excluding Alaska) for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such Federal shares and allotment percentages as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the 3 fiscal years in the period ending June 30, 1961.

"REALLOTMENT

"SEC. 525. The amount of any allotment to a State under section 522 for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan developed as provided in such section shall be available for reallootment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them under that section and (2) will be able to use such excess amounts during such fiscal year. Such reallootments shall be made on the basis of the State plans so developed, after taking into consideration the population under the age of twenty-one, and the per capita income of each such State as compared with the population under the age of twenty-one, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallooted to a State shall be deemed part of its allotment under section 522."

MATERNAL AND CHILD HEALTH

SEC. 602. (a) Section 501 of such Act is amended by striking out "for the fiscal year ending June 30, 1951, the sum of \$15,000,000, and for each fiscal year beginning after June 30, 1951, the sum of \$16,500,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1958, the sum of \$21,500,000".

(b) Section 502 (a) (2) of such Act is amended by striking out 42 USC 702. "for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot \$8,250,000 as follows: He shall allot to each State \$60,000 and shall allot to each State such part of the remainder of the \$8,250,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1958, the Secretary shall allot \$10,750,000 as follows: He shall allot to each State \$60,000 (even though the amount appropriated for such year is less than \$21,500,000), and shall allot each State such part of the remainder of the \$10,750,000".

(c) Section 502 (b) of such Act is amended by striking out "the fiscal year ending June 30, 1951, the sum of \$7,500,000, and for each fiscal year beginning after June 30, 1951, the sum of \$8,250,000" and inserting in lieu thereof "each fiscal year beginning after June 30, 1958, the sum of \$10,750,000".

CRIPPLED CHILDREN'S SERVICES

SEC. 603. (a) Section 511 of such Act is amended by striking out 42 USC 711. "for the fiscal year ending June 30, 1951, the sum of \$12,000,000, and for each fiscal year beginning after June 30, 1951, the sum of \$15,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1958, the sum of \$20,000,000".

(b) Section 512 (a) (2) of such Act is amended by striking out 42 USC 712. "for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot \$7,500,000 as follows: He shall allot to each State \$60,000, and shall allot the remainder of the \$7,500,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1958, the Secretary shall allot \$10,000,000 as follows: He shall allot to each State \$60,000 (even though the amount appropriated for such year is less than \$20,000,000) and shall allot the remainder of the \$10,000,000".

(c) Section 512 (b) of such Act is amended by striking out "the fiscal year ending June 30, 1951, the sum of \$6,000,000, and for each fiscal year beginning after June 30, 1951, the sum of \$7,500,000" and inserting in lieu thereof "each fiscal year beginning after June 30, 1958, the sum of \$10,000,000".

TITLE VII—MISCELLANEOUS PROVISIONS

FURNISHING OF SERVICES BY DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEC. 701. Section 1106 (b) of the Social Security Act is amended 42 USC 1306. to read as follows:

"(b) Requests for information, disclosure of which is authorized by regulations prescribed pursuant to subsection (a) of this section, and requests for services, may, subject to such limitations as may be prescribed by the Secretary to avoid undue interference with his functions under this Act, be complied with if the agency, person, or organization making the request agrees to pay for the information or services requested in such amount, if any (not exceeding the cost of furnishing the information or services), as may be determined by the Secretary. Payments for information or services furnished pursuant to this section shall be made in advance or by way of reimbursement, as may be requested by the Secretary, and shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorizations to make expenditures from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability

Insurance Trust Fund) for the unit or units of the Department of Health, Education, and Welfare which furnished the information or services."

MEANING OF TERM "SECRETARY"

SEC. 702. As used in the provisions of the Social Security Act amended by this Act, the term "Secretary", unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

SEC. 703. Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1957" and inserting in lieu thereof "1958".

ADVISORY COUNCIL ON PUBLIC ASSISTANCE

SEC. 704. (a) There is hereby established an Advisory Council on Public Assistance for the purpose of reviewing the status of the public assistance program in relation to the old-age, survivors, and disability insurance program, the fiscal capacities of the States and the Federal Government, and any other factors bearing on the amount and proportion of the Federal and State shares in the public assistance program.

(b) The Council shall be appointed by the Secretary before January 1959 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, persons concerned with the administration or financing of the State and Federal programs, other persons with special knowledge, experience, or qualifications with respect to the program, and the public.

(c) (1) The Council is authorized to engage such technical assistance, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the provisions of sections 3, 403, 1003, and 1403 of the Social Security Act) to the Secretary and the Congress, such report to be submitted not later than January 1, 1960, after which date such Council shall cease to exist.

ADVISORY COUNCIL ON CHILD WELFARE SERVICES

SEC. 705. (a) There is hereby established an Advisory Council on Child-Welfare Services for the purpose of making recommendations and advising the Secretary of Health, Education, and Welfare in connection with the effectuation of the provisions of part 3 of title V of the Social Security Act, as amended by the Social Security Amendments of 1958.

71 Stat. 520.
45 USC 228a.

42 USC 303, 603,
1203, 1353.

Ante, p. 1052.

(b) The Council shall be appointed by the Secretary before January 1959, without regard to the civil-service laws, and shall consist of twelve persons representative of public, voluntary, civic, religious, and professional welfare organizations and groups, or other persons with special knowledge, experience, or qualifications with respect to child-welfare services, and the public.

(c) (1) The Secretary shall make available to the Council such secretarial, clerical, and other assistance and such other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the provisions of part 3 of title V of the Social Security Act) to the Secretary and to Ante, p. 1052. the Congress on or before January 1, 1960, after which date such Council shall cease to exist.

Approved August 28, 1958.

